



SURFACE DAMAGE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Ten and More Dollars (\$10.00 +), paid to the undersigned by **Elm Ridge Exploration Company, LLC.**, (hereinafter "Operator"), receipt of which is hereby acknowledged, **BP America Production Company** (hereinafter "Owner") and their heirs, successors, and assigns, as the Owner of the hereinafter described lands, do hereby release Operator, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands in La Plata County, Colorado, resulting from the ingress and egress, and reasonable operations of Operator for the **IGW 152** well situated upon and under the hereinafter described lands (hereinafter Subject Land):

Section 15: NW/4SW/4, Township 33 North, Range 9 West, NMPM

The well-pad to be located around the wellhead located 1513 feet from the South section line, and 1067 feet from the West section line.

Operator shall use only such portions of the described lands as are reasonably necessary as more particularly shown on attached Exhibit "A"; however, the surface area actually disturbed for the well-pad shall not be more than 1.5 acres in size for drilling and completion operations. Operator shall have full and complete access to the original 1.5 acre well-pad at all times for subsequent well operations. Operator will install one gas gathering and one water gathering pipeline. Such pipelines shall be laid to a minimum depth of 36 inches below the surface. The pipelines will be used only to transport gas and water produced from the **IGW 152** well.

Owner hereby grants unto Operator an easement for a road not to exceed twenty feet (20') in width located across the above referenced property as shown on the attached Exhibit "B". The parties hereto shall cooperate with each other concerning the use and enjoyment of the subject road except for the purposes herein granted, but such use shall not hinder, conflict, or interfere directly, or indirectly, with the exercise of Operator's rights hereunder.

Owner further releases Operator, its successors, agents and employees from any and all claims for damages for loss of growing crops on the hereinafter described lands resulting directly or indirectly from the drilling, completion, operation and/or maintenance of the well identified above.

The consideration paid hereunder shall also compensate the Owner for damages sustained or which may be sustained, as a direct or indirect result of the construction, maintenance and subsequent use of the access road and production facilities necessary for Operator, its successors, agents, and employees reasonable to properly conduct operations and maintenance activities associated with the well identified above. Operator shall conduct its operations in a manner which will cause the least practical interference with Owner's use of the leased lands.

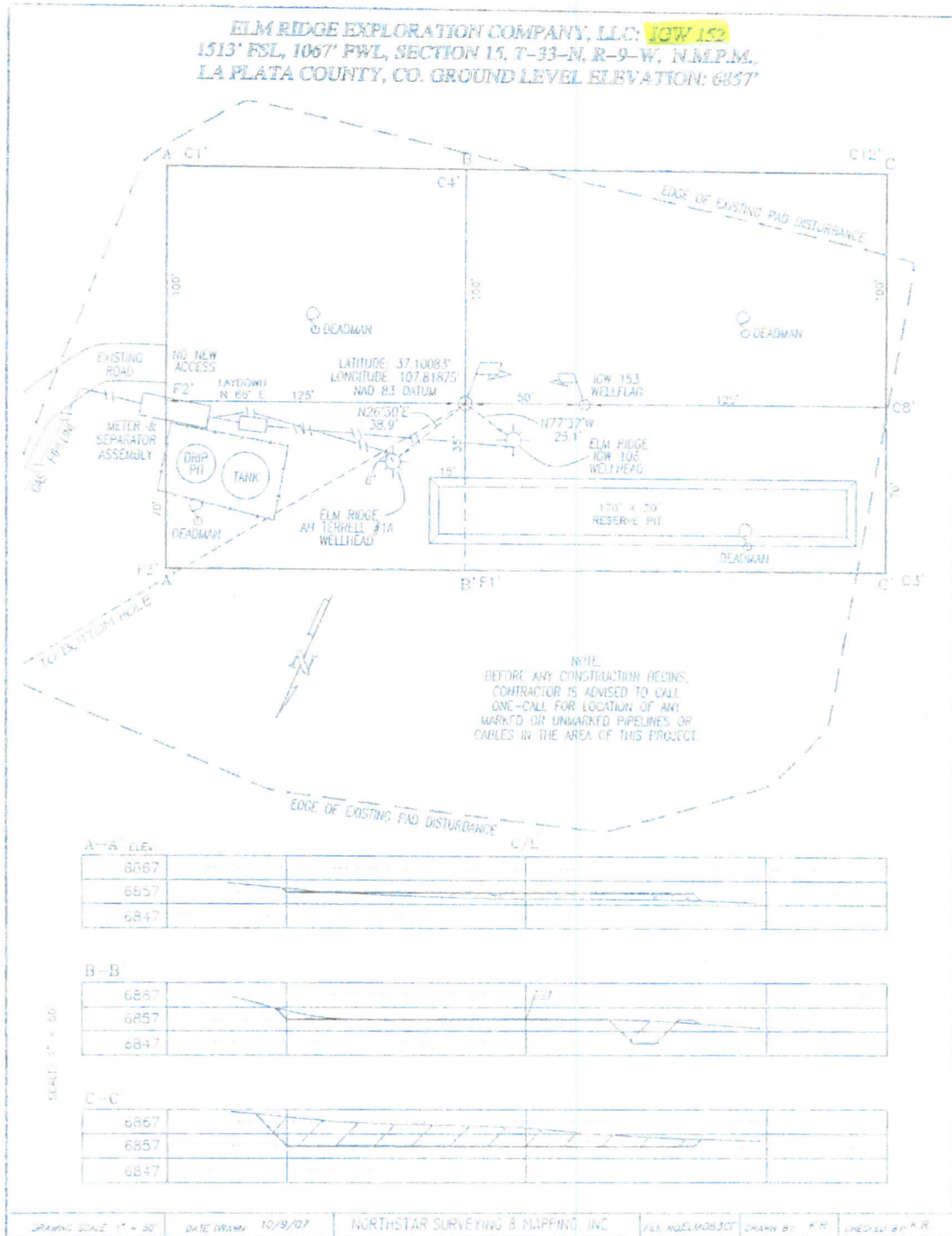
Operator agrees to repair all fences, build gates and construct the access road and crossings in a manner which will allow Owner to continue its use of the property in its current manner. Drainage areas or irrigation ditches will be re-constructed in a manner agreed to with Owner. Upon completion of the well, the well-pad shall be reduced in size to the minimum necessary to allow for normal and reasonable production operations and the remainder of the well-pad will be reclaimed by and at the expense of Operator to the reasonable satisfaction of Owner. Reclamation shall consist of grading disturbed areas to pre-existing grade and seeding with a seed mixture recommended by the NRCS office for the area and agreed to by Owner. Rig anchors may be left in place, if identified in a manner which will avoid damage to Owner's equipment. Restoration shall conform to the Colorado Oil & Gas Conservation Commission (COGCC) rules and regulations. Operator shall maintain disturbed areas and facilities free of weeds. Well equipment shall be fenced.

Owner hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by Rule 305.b of the COGCC rules and acknowledges that OWNER has received the brochure "Information for Oil and Gas Operators, Surface Owners and Surface Tenants" as per COGCC Rule 305.c(6). This agreement shall serve as evidence that the consultation requirements of the COGCC Rules 305 and 306 have been fulfilled. Owner agrees that Operator's use of the surface in accordance with the terms of this agreement reasonably accommodate Surface Owner's use of the Subject Land pursuant to C.R.S. § 34-60-127.

By: Finney Land Co

EXHIBIT "A"

Attached to and made a part of that certain Surface Damage Agreement & Release dated August 20, 2008 by and between BP America Production Company (hereinafter "OWNER", whether one or more), and Elm Ridge Exploration Company, LLC. (hereinafter "Operator")



Signed for Identification:

BP America Production Company

Elm Ridge Exploration Company, LLC.

BY: E. M. Sierra
 E. M. Sierra
 Attorney-In-Fact

BY: Michael J. Finney
 Michael J. Finney, Agent

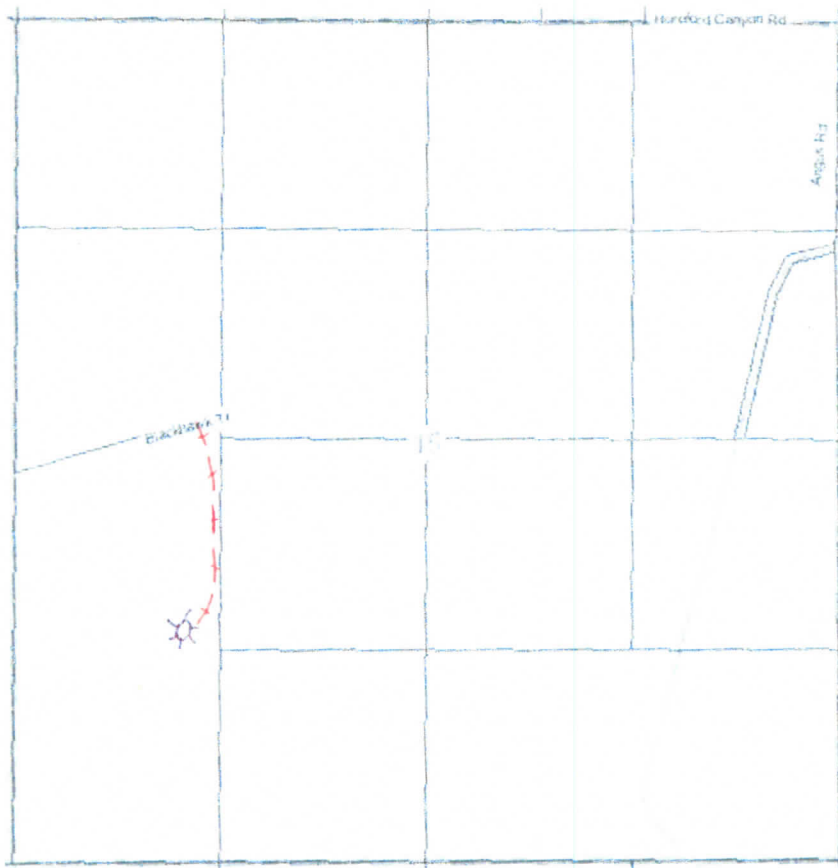
*Emc
SC*

EXHIBIT "B"

Attached to and made a part of that certain Surface Damage Agreement & Release dated August 20, 2008 by and between BP America Production Company (hereinafter "OWNER", whether one or more), and Elm Ridge Exploration Company, LLC. (hereinafter "Operator").

Description: Township 33 North, Range 9 West, N.M.P.M.
Section 15: NW/4SW/4

A Twenty feet (20') wide road easement across a portion of OWNER's property as shown below:



★ WELLPAD
- - - ROAD EASEMENT

Signed for Identification:

BP America Production Company

Elm Ridge Exploration Company, LLC.

BY: E. M. Sierra
E. M. Sierra
Attorney-In-Fact

emc
se

BY: Michael J. Finney
Michael J. Finney Agent

SIDE LETTER AGREEMENT

Attached to and made a part of the **IGW 152** Surface Damage Agreement dated the 17th, day of March, 2008, by and between BP America Production Company (hereinafter referred to as "Owner") and Elm Ridge Exploration Company, LLC. (hereinafter referred to as "Operator"). By this side letter agreement, Operator is agreeable to adding the following provisions to that certain Surface Damage Agreement between the parties, as follows:

1. Operator agrees to pay Owner the sum of \$10,000.00 as total compensation for the well location, pipeline right-of-way and existing access road.

Agreed and accepted this 17th day of March, 2008.

**BP AMERICA PRODUCTION
COMPANY**

BY: *E.M. Sierra*

E. M. Sierra
Attorney-In-Fact

*JSC
JSC*

**ELM RIDGE EXPLORATION
COMPANY, LLC.**

BY: *M.J. Finney*

Michael J. Finney, as agent for
Elm Ridge Resources, Inc.

Request for Taxpayer Identification Number and Certification

**Give form to the
 requester. Do not
 send to the IRS.**

Print or type
 See Specific Instructions on page 2.

| | |
|--|---|
| Name (as shown on your income tax return) | |
| Business name, if different from above <i>BP America Production Company</i> | |
| Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Other ▶ ----- <input type="checkbox"/> Exempt from backup withholding | |
| Address (number, street, and apt. or suite no.) <i>501 Westlake Park Blvd.</i> | Requester's name and address (optional) |
| City, state, and ZIP code <i>Houston, TX 77079</i> | |
| List account number(s) here (optional) | |

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

| |
|--------------------------------|
| Social security number |
| + + |
| or |
| Employer identification number |
| <i>73-0466080</i> |

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
3. I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

| | | | |
|------------------|---|-------------------------|------------------------------|
| Sign Here | Signature of U.S. person ▶ <i>E.M. Sierra</i> | Attorney-In-Fact | Date ▶ <i>March 17, 2008</i> |
|------------------|---|-------------------------|------------------------------|

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

An individual who is a citizen or resident of the United States,

- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

RIGHT-OF-WAY / SURFACE DAMAGE ACQUISITION REPORT

FINNEY LAND CO
P.O. Box 2471
Durango, CO 81302
970-259-5691

Well/Project IGW 152
County: La Plata
State: Colorado

Grantor: BP America Production Company
Attn. Glenn Coward
501 Westlake Park Blvd.
Houston, TX. 77079

Telephone: 281-366-1712

Tax ID #: 73-0466080

Grantee: Elm Ridge Resources, Inc.

Legal Description: T. 33N./R.9W.
Sec. 15: NW/4SW/4

R-O-W

Grant of R-O-W Amount: _____
Surface Damages Amount: _____
Crop Damages Amount: _____
Other: Amount: _____
Other: Amount: _____
Total R-O-W \$0.00

Well Location

Well Pad Damages Amount: 10,000.00
Crop Damages Amount: _____
Access Road Amount: _____
Other: Amount: _____
Total S.D.A. \$10,000.00

TOTAL R-O-W/S.D.A AMOUNT: \$10,000.00

Date of Agreement: 17-Mar-08

Comments: _____

Date: 8/5/2008

Broker: C. Brad Caskey