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SURFACE DAMAGE AGREEMENT & RELEASE

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, **Russell J. Miller and Melissa M. Miller** (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, drilling, completion, operation, maintenance and/or abandonment of the IGW 154 well situated upon and under the hereinafter described lands:

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

The wellpad to be located around the wellhead located 1658 feet from the North section line and 1000 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 wellpad 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 wellpad 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.

OWNER hereby grants unto Operator an easement for the existing road 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, maintenance and/or abandonment 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 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 wellpad shall be reduced in size to the minimum necessary to allow for normal production operations and the remainder of the wellpad will be reclaimed. 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. 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 the terms of this agreement reasonably accommodate Surface Owner's use of the Subject Land pursuant to C.R.S. § 34-60-127.

Operator, in its discretion, may use synthetic liners for any pits utilized; however, Operator must remove said liners upon final reclamation of the site.

Operator will comply with COGCC Rules concerning Noise Abatement and shall install hospital grade mufflers, buried in series, sound walls, and/or other devices as necessary.

The consideration due hereunder shall be payable prior to the commencement of drilling operations on the subject lands.

ELC by Finney Land Co

Operator hereby agrees to indemnify and hold OWNER harmless from and against any and all expenses, losses or damages resulting from or relating to Operator's operation and maintenance of the well, equipment, road and related activities on the property, provided however Operator does not indemnify OWNER for expenses, losses or damages resulting from OWNER's conduct on the Property.

This Agreement shall be for as long as the above captioned well is operated by Operator, its successors and assigns, and for a period of one year after the abandonment of the well during which time Operator shall have the right to remove all facilities and other fixtures installed pursuant to this agreement. Upon abandonment of the well, Operator agrees to restore the surface of the lands to as near as condition as it was prior to Operator's operations in accordance with COGCC Rules.

The terms of this written Agreement and Side Letter shall constitute the full agreement between the parties hereto and no modification or amendment of this Agreement shall be effective unless made in writing and signed by the parties.

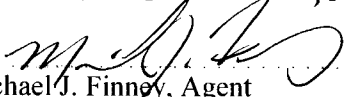
IN WITNESS WHEREOF, this Release is voluntarily entered into and executed this 22nd, day of May, 2008.

OWNER:


Russell J. Miller

OPERATOR:

Elm Ridge Exploration Company, LLC.

BY: 
Michael J. Finney, Agent


Melissa M. Miller

NOTARY PUBLIC

STATE OF Oklahoma)
)ss.
COUNTY OF Grant)

The foregoing instrument was acknowledged before me this 17 day of June, 2008, by Russell J. Miller and Melissa M. Miller.

Witness my hand and official seal.

My Commission Expires:

01-10-09


Notary Public



NOTARY PUBLIC

STATE OF COLORADO)
) ss
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 25th day of June, 2008, by Michael J. Finney, as agent for Elm Ridge Exploration Company, LLC.

Witness my hand and official seal.

My Commission expires:

11/9/2010


Notary Public

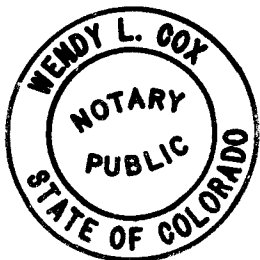
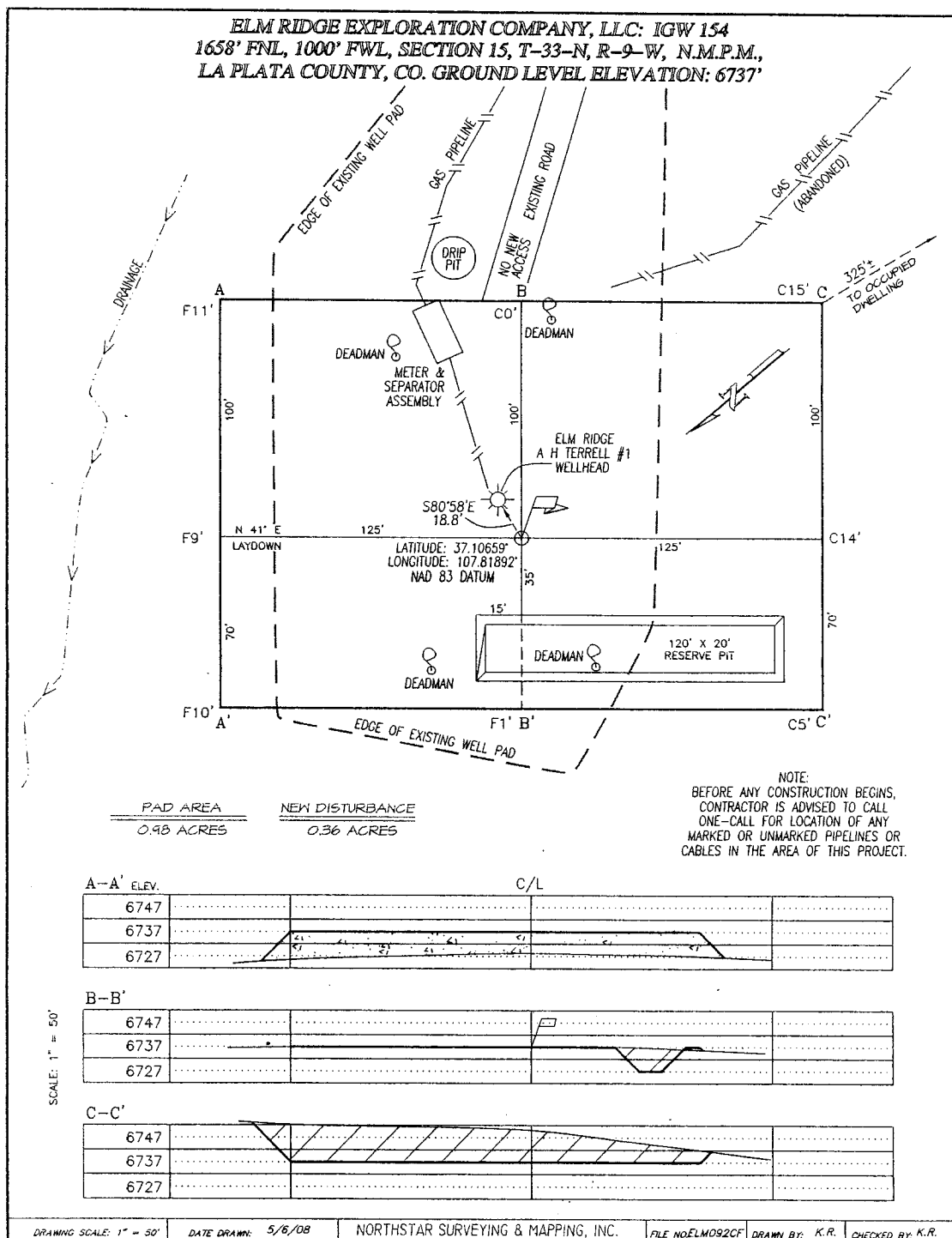


EXHIBIT "A"

Attached to and made a part of that certain Surface Damage Agreement & Release dated May 22, 2008, by and between **Russell J. Miller and Melissa M. Miller** (hereinafter "OWNER", whether one or more), and **Elm Ridge Exploration Company, LLC.** (hereinafter "Operator").



Signed for Identification:

OWNER:

Russell J. Miller

Melissa M. Miller

Elm Ridge Exploration Company, LLC.

BY:

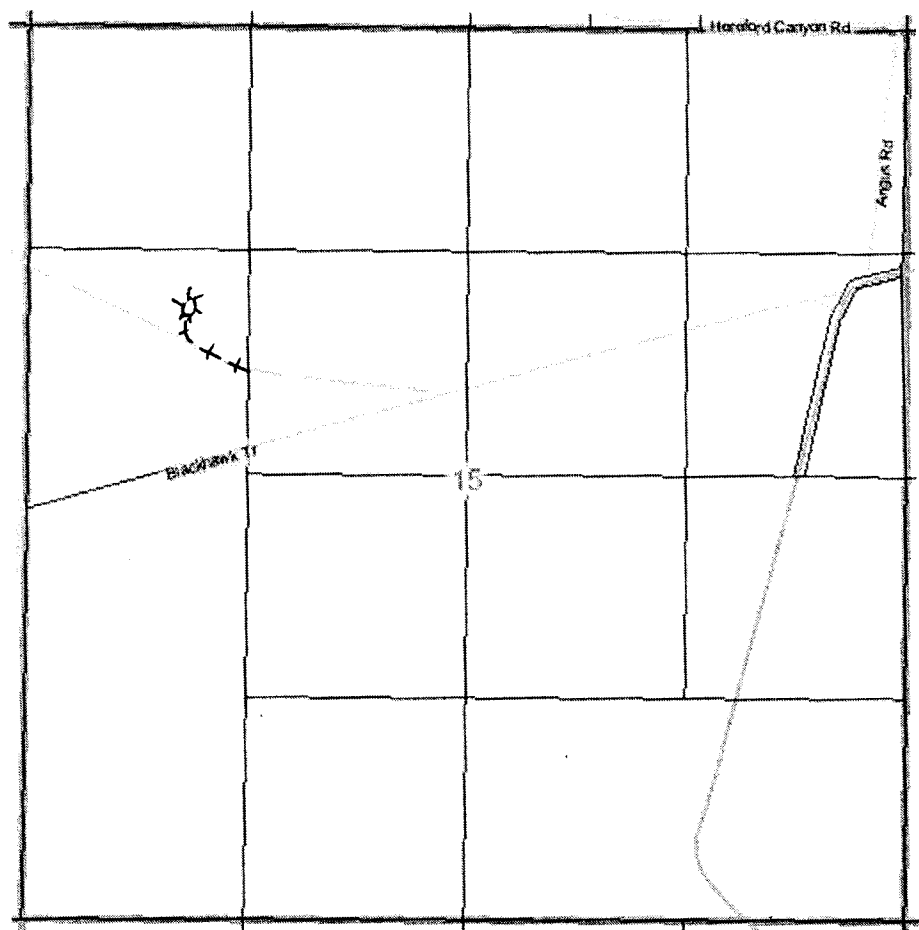
Michael J. Finney, Agent

EXHIBIT "B"

Attached to and made a part of that certain Surface Damage Agreement & Release dated May 22, 2008, by and between **Russell J. Miller and Melissa M. Miller** (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: SW/4NW/4

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



★ WELLPAD
→ → → ROAD EASEMENT

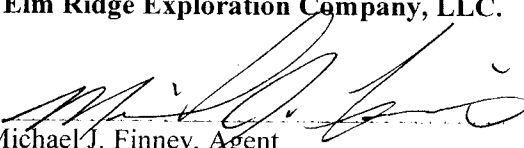
Signed for Identification:

OWNER:


Russell J. Miller



Melissa M. Miller

Elm Ridge Exploration Company, LLC.
BY: 

Michael J. Finney, Agent

SIDE LETTER AGREEMENT

Attached to and made a part of the IGW 154 Surface Damage Agreement & Release dated the 22nd, day of May, 2008, by and between Russell J. Miller and Melissa M. Miller (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 & Release between the parties, as follows:

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

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

OWNER:



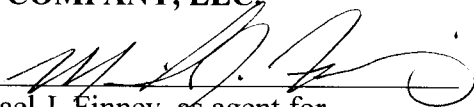
Russell J. Miller

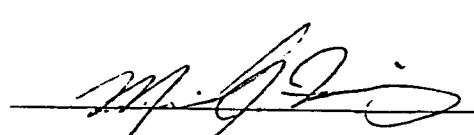


Melissa M. Miller

**ELM RIDGE EXPLORATION
COMPANY, LLC**

BY: _____


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

Finney Land Company P.O. Box 2471 Durango, CO 81302 (970) 259-5691	BANK OF COLORADO P.O. DRAWER N DURANGO, CO 81302-2950	17504 82-244/1070 7/1/2008
PAY TO THE ORDER OF <u>Miller, Russell J.</u>		**10,000.00 \$
Ten Thousand and 00/100*****		DOLLARS
Miller, Russell J. RRI Box 20 Deer Creek, OK 74636		
IGW 154 Well pad & Access road		
⑆017504⑆ ⑆107002448⑆8302713055⑆		

DDA Debits - 07/10/2008

<div style="border: 1px solid black; padding: 5px;"> <p>FEDERAL RESERVE BANK REGULATION CC</p> <p>THE SECURITY FEATURES LISTED BELOW AS WELL AS THOSE NOT LISTED, EXCEED INDUSTRY COORDINATES.</p> <p>SECURITY FEATURES:</p> <ul style="list-style-type: none"> • Microprint Border • Security Screen • Results of Eccentricity Alignment • Small type in border area as associated with production • Absence of Original Document with respect to color <p><small>Obfusca design is a certification mark of Check Payment Systems Association.</small></p> </div>	212587 078988 UNION BANK <103088703>	<p style="text-align: right;">ENDORSE HERE</p> <p style="text-align: right; font-size: 1.2em;"><i>Russell J. Miller</i></p> <p style="text-align: center; font-size: 0.8em;">DO NOT WRITE, STAMP OR SIGN BELOW THIS LINE RESERVED FOR FINANCIAL INSTITUTION USE</p>
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DDA Debits - 07/10/2008

211 Ridge

☐ Exempt from backup withholding

Employer identification number									
	+								

Date ►

- 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 154
County: La Plata
State: Colorado

Grantor: Russell J. & Melissa M. Miller
RRI Box 20
Deer Creek, OK. 74636

Telephone: 970-769-0018

Tax ID #: Russell 509-96-0434

Grantee: Elm Ridge Exploration Company, LLC

Legal Description: T. 33N./R.9W.
Sec. 15: SW/4NW/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: 22-May-08

Comments:

Date: 6/23/2008

Broker: C. Brad Caskey