

Surface Use and Damage Agreement

This Surface Use and Damage Agreement (the "Agreement") is by and between the following parties: (1) Sharp AC Land, L.L.C. ("Surface Owner"); and (2) Ward Petroleum Corporation ("Operator"). The Surface Owner and the Operator are referred to collectively in this Agreement as the "Parties."

This Agreement is effective as of _____, 2013 (the "Effective Date").

Representations and Warranties

A. Surface Owner represents and warrants that it owns 100% of the right, title and interest in the surface estate of the lands listed in Exhibit A (the "Exhibit A Lands"). Surface Owner also represents and warrants that it owns the present and future right to use the Exhibit A Lands.

B. Surface Owner is authorized to do business in Colorado and is fully authorized to enter into this Agreement.

C. Operator represents and warrants that it presently owns interests in oil and gas leases which authorize it, among other things, to produce oil and gas from the mineral estate underlying the Exhibit A Lands.

D. Operator represents and warrants that it is a corporation registered and in good standing in Oklahoma. Operator is authorized to do business in Colorado and is an operator registered with and in good standing with the Colorado Oil and Gas Conservation Commission ("COGCC"). Operator is fully authorized to enter into this Agreement.

E. The Rights granted by Surface Owner to Operator are nonexclusive, and Surface Owner reserves the right to use all access roads and reserves all surface and subsurface (excluding oil and gas as provided for in the Oil and Gas Lease the lands are subject) uses of the Subject Lands and right to grant successive easements on or across the Subject Lands on such terms and conditions as Surface Owner deems necessary or advisable. Any access or use rights granted to any third parties before or after the effective date of this agreement shall not unreasonably interfere with Operator's exercise of its rights and responsibilities as provided herein. Surface Owner agrees to advise Operator in writing of any written approval granted by Surface Owner for the use of roads on the Subject Lands by others so that Operator may assess the other users for maintenance though Operator shall not assess Surface Owner or its tenant any maintenance for such use of road for any reason. Operator shall not assume liability associated with actions or inactions of any third parties granted access.

For good and valuable consideration, the sufficiency of which is acknowledged by both Surface Owner and Operator, the Parties hereby agree as follows:

Agreement

1. Representations and Warranties. The Representations and Warranties in paragraphs A, B, C, D, and E above are incorporated by this reference and made a part of this Agreement.

2. Surface Use by Operator. Surface Owner hereby grants Operator an express non-exclusive right to use the surface estate of the Exhibit A Lands for its oil and gas operations in accordance with the following terms and conditions.

a. Wells and Associated Oil and Gas Facilities. Operator may use the surface estate of the Exhibit A Lands to construct, install and operate oil and gas wells and all other facilities useful or necessary for oil and gas operations. The dimensions of the well location pad shall not exceed four and six tenths (4.6) acres. Operator shall have the right to drill wells within the Exhibit A Lands, including horizontal and directional wells that produce and drain the Exhibit A Lands and lands that are contiguous to said lands. As part of the consideration for this Agreement, Surface Owner hereby waives its rights to and covenants that it will not protest or object to any exception location or application of Operator for wells to be drilled within the Exhibit A Lands.

b. Pipelines, Gathering Lines, Water Lines, Easements, Rights of Way and Utilities. Operator may use the surface estate of the Exhibit A Lands to construct, install and operate pipelines, gathering lines, water lines and other utilities useful or necessary for oil and gas operations. Nothing in this Agreement shall prevent or limit the right of the Parties to record documents confirming the location of any easement, right of way or right of use relating to use of the Exhibit A Lands for oil and gas operations.

c. Present and Future Roads. Operator may use all existing and future roads on the Exhibit A Lands for purposes of its oil and gas operations. Operator also may construct at its own expense new roads on the Exhibit A Lands which are needed for oil and gas operations. Operator shall give Surface Owner seven (7) days prior written notice including specifications for road work on any present road or future road construction necessary for its oil and gas operations. After receipt of the above notice but not less than five (5) working days after receipt of said notice, either Operator or Surface Owner may request an on-site meeting. The purpose of the meeting is to coordinate the placement and construction of the road and come to mutual agreement. Nothing in this Agreement shall prevent or limit the right of the Parties to record documents confirming the location of any easement, right of way or right of use relating to use of the Exhibit A Lands for oil and gas operations

d. Use and Maintenance by Operator. Operator may use the surface estate of the Exhibit A Lands for all purposes relating to its planning for, construction, use, operation, maintenance, improvement, repair, removal and reclamation of any and all wells, oil and gas facilities, pipelines, gathering lines, water lines, utilities and roads located on the Exhibit A Lands.

e. Notices to Operator. If Surface Owner objects or has concerns about any oil and gas operations of Operator or any well, oil and gas facility, pipeline, gathering line, water line, utilities or road used for oil and gas operations, Surface Owner shall give notice to Operator by email or written notice to Operator through Larry Jenkins at his email at larry@wardpetroleum.com, or mail to Ward Petroleum at 502 South Fillmore, Enid, OK 73703 or any other person authorized herein by Operator to receive notices pursuant to this Agreement. Surface Owner and Operator agree thereafter to use their collective best efforts to confer and resolve the objection or concern. No lawsuit, regulatory notice, complaint or other formal proceeding shall be filed by Surface Owner or Operator relating to the objection or concern of Surface Owner until a date more than 21 days after Operator's receipt of the notice provided by Surface Owner pursuant to this subparagraph.

3. Payments by Operator to Surface Owner; Release of Claims.

a. Operator shall pay the Surface Owner the sum of [REDACTED] per acre for each full or partial acre included in the Exhibit A Lands as a full and final settlement for any and all damages arising from the construction and use of the Exhibit A Lands for oil and gas operations including, but not limited to, wells, oil and gas facilities, pipelines, gathering lines, water lines, utilities, roads or other use associated with oil and gas operations. This payment shall be made on or before commencement of road and/or well-site construction on the Exhibit A Lands.

b. Damages to Personal Property and Improvements of Surface Owner. Operator shall separately compensate or reimburse Surface Owner for those damages for repair or replacement any fence, gate, animal, crops or other property damaged or injured as a result of oil and gas operations of the Operator. Except for those items discussed in this subparagraph, Operator shall not be required to compensate or reimburse Surface Owner for any other damages to the surface estate of the Exhibit A Lands or personal property or improvements located on the Exhibit A Lands because the other payments required by this Agreement are intended to compensate Surface Owner for these other damages.

c. Release of Claims by Surface Owner. The payments required by this Agreement represent a full, final and complete settlement, release of claims and satisfaction of all claimed and unclaimed, known or unknown, present or future damages or other losses incurred by Surface Owner to the Exhibit A Lands and any real or personal property or improvements on the Exhibit A Lands as a result of Operator's past, present and future access to and use of the Exhibit A Lands for oil and gas operations. The Release of Claims by Surface Owner referred to in this paragraph shall not include damages to personal property and improvement of Surface Owner as set forth in paragraph 3(b) above.

4. Operations on the Exhibit A Lands.

a. Locations and Waivers. Surface Owner or an affiliate of which Surface Owner is the owner of the affiliate, has entered into an Oil and Gas Lease with Lincoln Energy, LLC, dated February 10th, 2012, which restricts the location of any surface operations as described on the Exhibit A, attached to said Oil and Gas Lease, to the Exhibit A Lands. In view of the restrictions of the surface use placed on the Oil and Gas Lease by the Surface Owner, Surface Owner understands and acknowledges that the COGC has rules and regulations that apply to the distance between a wellhead and public roads, production facilities, building units and surface property lines, among other things. In order to give full effect to the purposes of this Agreement, Surface Owner hereby waives its right to object to the location of any of Operator's wells and facilities on the Surface on the basis of setback requirements in the rules and regulations of COGCC, as those rules and regulations may be amended from time to time, or of any local jurisdictions. For the operations contemplated by this Agreement, Surface Owner specifically waives the high density setback distances in the COGCC rules and regulations and any applicable local jurisdiction.

Surface Owner further and similarly waives its right to object to any other state or local setback requirements or other requirements or regulations that are or become inconsistent with this Agreement or that would prohibit or interfere with the rights of Operator, its successors and assigns, to explore for and produce the oil and gas in accordance with this Agreement. Operator may cite the waiver in this paragraph 4 in order to obtain a location exception or variance under the COGCC rules or from

any other state or local government body having jurisdiction over oil and gas operations. Surface Owner agrees not to object to the use of the surface with the Exhibit A Lands provided for herein so long as the proposed use is consistent with this agreement. Surface Owner will provide Operator or its successors and assigns with any and all written support Operator may reasonably require to obtain permits from the COGCC or any local jurisdiction.

- b. Restoration and Reclamation. Unless Surface Owner otherwise agrees, upon termination of any Operator's operations the Exhibit A Lands or upon drilling and completion of any wells, Operator shall restore and level the surface of land affected by such terminated operations as near as possible to the contours which existed prior to such operations. Operator shall use water bars and such other measures as appropriate to prevent erosion and non-source pollution. Where requested, Operator shall restore all private roads, drainage and irrigation ditches disturbed by Operator's operations as near as possible to the condition that existed prior to such operations. Any surface disturbed by Operator's activities shall be reseeded and all noxious weeds eliminated.
- c. Additional Surface Use Provisions. If by reason of the activities of the Operator, including, but not limited to, drilling, completing, equipping, and operating of the wells, there is damage to personal property of the Owner, including, but not limited to, irrigation wells, fences, culverts, pipelines, ditches, or irrigation systems and for which Owner has not been previously compensated pursuant Paragraph 3(c), Operator will repair or replace such items after consultation with and to the reasonable satisfaction of the Owner. Owner will notify Operator of any items damaged after the wells construction and Operator will repair or replace such items after consultation with the Owner within 15 days of occurrence.
- d. Operator agrees that all trash, refuse pipe, equipment, liquids, chemicals, or other materials brought on the Exhibit A Lands that are not necessary for the continued operations of the wells will be removed and disposed away from the Surface A Lands no later than 30 days after the completion of the wells. No such items will be burned or buried on the Surface A Lands.
- e. During drilling operations the well sites and any pits shall be fenced or requested by Owner. After completion of the wells and in the event of production, all production tanks shall be bermed. Additionally, the well sites shall be kept free and clear of all noxious weeds, unsightly growth and trash either during drilling operation or after completion of production.
- f. All guy line anchors for drilling and completion rigs shall be removed by Operator within thirty days upon termination of oil and gas operations by Operator.
- g. Notice of Future Operations. Operator shall give Surface Owner at least thirty (30) days written prior written or emailed notice prior to commencement of building the location on the Exhibit A Lands and prior to commencing the drilling of a well.

5. Term of the Agreement. This Agreement shall become effective at the Effective Time and shall remain in full force and effect until all oil and gas operations on the Exhibit A Lands have ceased, all wells, oil and gas facilities and other improvements associated with oil and gas operations have been removed, and the surface estate has been restored and reclaimed. The Release of Claims in paragraph 3(e) of this Agreement shall survive the termination of this Agreement and continue in perpetuity.

6. Indemnities. Operator, to the extent of its negligence or other fault, shall defend, indemnify and hold Surface Owner harmless against any losses, claims, damages or liabilities to which Surface Owner may become subject as a result of any breach of this Agreement or applicable law by Operator. Surface Owner, to the extent of its negligence or other fault, shall defend, indemnify and hold Operator harmless against any losses, claims, damages or liabilities to which Operator may become subject as a result of any breach of this Agreement or applicable law by Surface Owner.

7. Notices. All notices required by this Agreement shall be delivered in writing or by email to the representatives of the Parties listed below or subsequently designated by the Parties in a writing and an email:

Mr. Lyle C. Sharp
Sharp AC Land, L.L.C.
9378 S. Star Hill Circle
Littleton, CO 80124
lsharp1538@comcast.net

Larry Jenkins
Ward Petroleum
502 South Fillmore
Enid, OK 73703
larry@wardpetroleum.com

8. Amendments and Modifications to Agreement. No amendment or other change or modification to this Agreement shall be effective or binding on either of the Parties unless the same shall be in writing and signed by both Parties.

9. No Partnership. This Agreement shall not create, and shall not be construed as creating, a mining or other partnership or association, nor does this Agreement render the Parties liable as partners. The liability of the Parties shall be several and not joint or collective.

10. Governing Law; Venue; Construction of Agreement; Waiver. This Agreement shall be governed by and interpreted in accordance with the laws of Colorado. Forum and venue shall be exclusively in state or federal court in Denver, Colorado. If a court determines that any provision of this Agreement is void, illegal or unenforceable, the other provisions of the Agreement shall remain in full force and effect. This Agreement shall not be construed for or against any of the Parties because both Parties have participated in drafting the Agreement and have knowingly and voluntarily agreed to its

Witness my hand and official seal.

Notary Public

My commission expires: _____

(SEAL)

STATE OF Oklahoma)
COUNTY OF Garfield) ss.

This instrument was acknowledged before me this 9th day of Oct., 2013 by Gilbert Tompkins Vice President - Land on behalf of Ward Petroleum Corporation.

Witness my hand and official seal.

Ree C Straub
Notary Public
OK Comm #03000676

My commission expires: 2-11-2015



EXHIBIT "A"

Attached to that certain Surface Use and Surface Damage Agreement by and between Sharp AC Land, L.L.C. and Ward Petroleum Corporation dated _____, 2013.

Township 1 South, Range 67 West, 6th P.M.

Section 24: SW/4 except that part lying East of the Union Pacific Railroad right of way, and the W/2SE/4 lying west of the Union Pacific Railroad right of way

