

Memorandum of Understanding
Between
Locke Mountain Ranch Property Owners Association
And
Austin Exploration

This memorandum of understanding (MOU) is entered into by Locke Mountain Ranch Property Owners Association (LMR) and Austin Exploration (AUS).

A. PURPOSE

The purpose of this MOU is to develop a framework and establish criteria under which AUS will access, explore, drill, operate, maintain and produce oil and gas on individually owned lands within LMR, while minimizing adverse affects on the residential community and existing infrastructure.

B. STATEMENT OF MUTUAL BENEFIT AND INTEREST

It is presumed that AUS will negotiate in good faith with affected individual property owners and LMR.

LMR will encourage individual property owners to negotiate access to their properties with AUS in good faith.

C. AUS AGREES TO

1. Access to site

a. AUS will enter into Surface Use Agreements (SUA) with all affected property owners including those properties they must cross to reach the drill site.

b. Any existing LMR road or portion thereof that AUS utilizes to access the site, or sites, will be improved and maintained to industry standards (COGCC) for the duration of drilling and production operations. AUS will notify LMR prior to accessing any section of existing road within the LMR boundary.

c. At any point that AUS enters lands within the boundaries of LMR they will cause to have installed adequate barrier fencing complete with a locked gate at the access point.

2. Electrical Services

a. Any and all power lines that AUS has installed on LMR lands will be buried.

b. AUS will utilize the road easement for power lines as much as possible.

c. AUS will allow nearby individual property owners to tie into any such service and pay for the cost to extend to their property without paying a pro-rata portion of the initial expense of AUS.

3. Operations

a. AUS will conduct all operations in such a manner to minimize disturbance to property owners:

°Odor

°Noise

°Dust

°Traffic

°Light

b. All operations are to be in compliance with all local, state and federal regulatory agencies.

4. Domestic Water Well Testing

a. AUS will employ and pay an independent qualified water testing agency or organization, acceptable to the owner, to determine baseline water quality of any existing water well or surface supplies within 0.5 miles (but in no event less than that required by regulatory agencies) of the proposed drill site.

b. Such testing and reporting will be completed prior to the commencement of drilling operations with results provided directly to the well owner and AUS.

c. All wells tested under the provisions of a. above will be retested within a reasonable time frame upon completion of drilling operation and/or the start of production.

D. LMR AGREES

1. LMR will provide access and road usage to AUS in accordance with C, 1. a. b and c listed above.

2. To cooperate with AUS to facilitate improved understanding and communication with affected individual property owners to the extent possible.

E. IT IS MUTUALLY AGREED By LMR AND AUS

1. This MOU will take effect when fully executed by both parties and shall remain in effect until AUS is no longer operating on LMR properties.

2. Modifications to this MOU shall be in writing and signed and dated by LMR and AUS.

Jason Young, President
Locke Mountain Ranch POA

Date

Austin Exploration

Date