02586382

[redacted]

21004679 7/14/2010 1:16 PM June Madrid
1 of 5 AGR R$31.00 D$0.00 Archuleta County

(5)

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 **Red Willow Production Company,** (hereinafter "Operator"), receipt of which is hereby acknowledged, **Energen Resources Corporation** its successors and assigns, (hereinafter "OWNER") as the OWNER of the hereinafter described lands, does hereby release Operator, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands in Archuleta County, Colorado, resulting from the ingress and egress, drilling, completion, operation, maintenance and/or abandonment of the North Carracas 32-5 #9C-3 well situated upon and under the hereinafter described lands:

Township 32 North, Range 5 West, NMPM
Section 9: A tract of land located in the S/2NE/4
Archuleta County, Colorado.

The wellpad to be located around the wellhead located 1,886 feet from the North section line and 1,413 feet from the East 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 acres in size for drilling and completion operations. Operator shall have full and complete access to the original 6.25 acre wellpad at all times for subsequent well operations.

OWNER hereby grants unto Operator an easement for an access 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 successor, 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 will observe Colorado Oil & Gas Conservation Commission (COGCC) rules and regulations governing the same. Operator shall maintain disturbed areas and facilities free of weeds. Well equipment shall be fenced.

Provided as a Courtesy
of Southern Ute
Tribal Government

Rtn:
FINNEY LAND CO.
P.O. BOX 2471
DURANGO, CO 81302

OWNER acknowledges that the Operator is not bound by the COGCC rules, but both OWNER and Operator may refer to said rules as guidance for the obligations of the Operator hereunder. Accordingly, OWNER hereby agrees to the commencement of drilling operations without a thirty (30) day notification prior to commencement thereof and acknowledges that OWNER has received, for their reference and convenience, 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 interim reclamation.

Operator shall install hospital grade mufflers, buried in series, sound walls, and/or other devices as necessary for noise abatement.

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

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 operations 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.

The Operator's rights under this Agreement shall be in addition to, and shall not diminish, any and all rights under its Oil and Gas Leases covering all or any portion of the Subject 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 observance 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.

Provided as a Courtesy
of Southern Ute
Tribal Government

IN WITNESS WHEREOF, this Release is voluntarily entered into and executed as of the date of the Acknowledgement of each Party's signature hereto, however, effective as of June 7, 2010 (the "effective date").

OWNER:

ENERGEN RESOURCES CORPORATION

BY: _____ BB
Gary Brink, General Manager San Juan Basin

OPERATOR:

RED WILLOW PRODUCTION COMPANY

BY: _____ TLM
James T. Lynn, Land Manager

NOTARY PUBLIC

STATE OF NEW MEXICO)
)ss.
COUNTY OF SAN JUAN)

The foregoing instrument was acknowledged before me this 22nd day of, June, 2010, by Energen Resources Corporation, by Gary Brink, General Manager San Juan Basin.

Witness my hand and official seal.

My Commission Expires:
June 11, 2011

OFFICIAL SEAL
MAE TSOSIE
NOTARY PUBLIC-STATE OF NEW MEXICO
NOTARY BOND FILED WITH SECRETARY OF STATE
My Commission Expires 6-11-2011

Mae Tsosie
Notary Public

NOTARY PUBLIC

STATE OF COLORADO)
) ss
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 22nd day of July, 2010, by Red Willow Production Company, By James T. Lynn, Land Manager.

Witness my hand and official seal.

My Commission expires:
_____

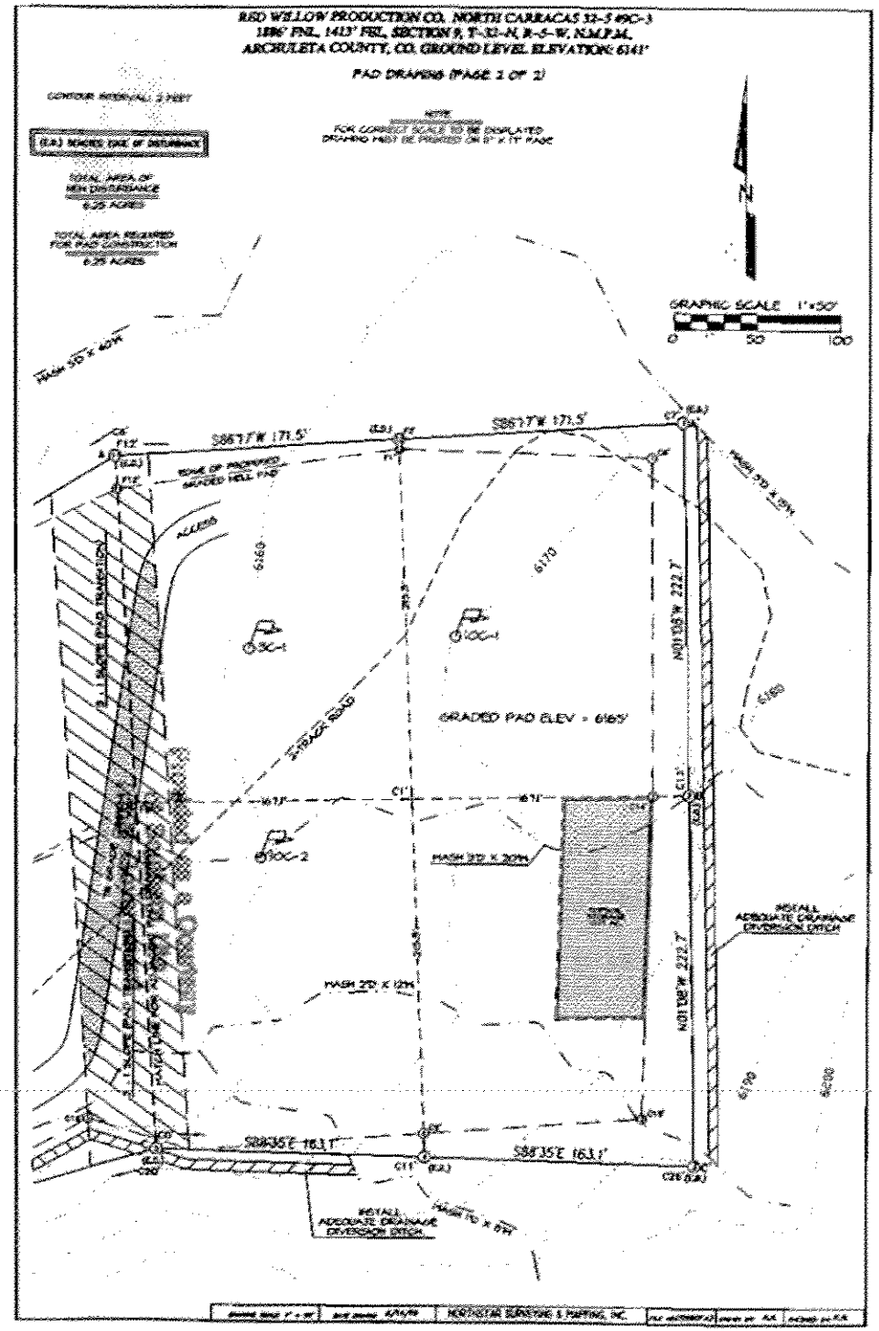
_____
Notary Public

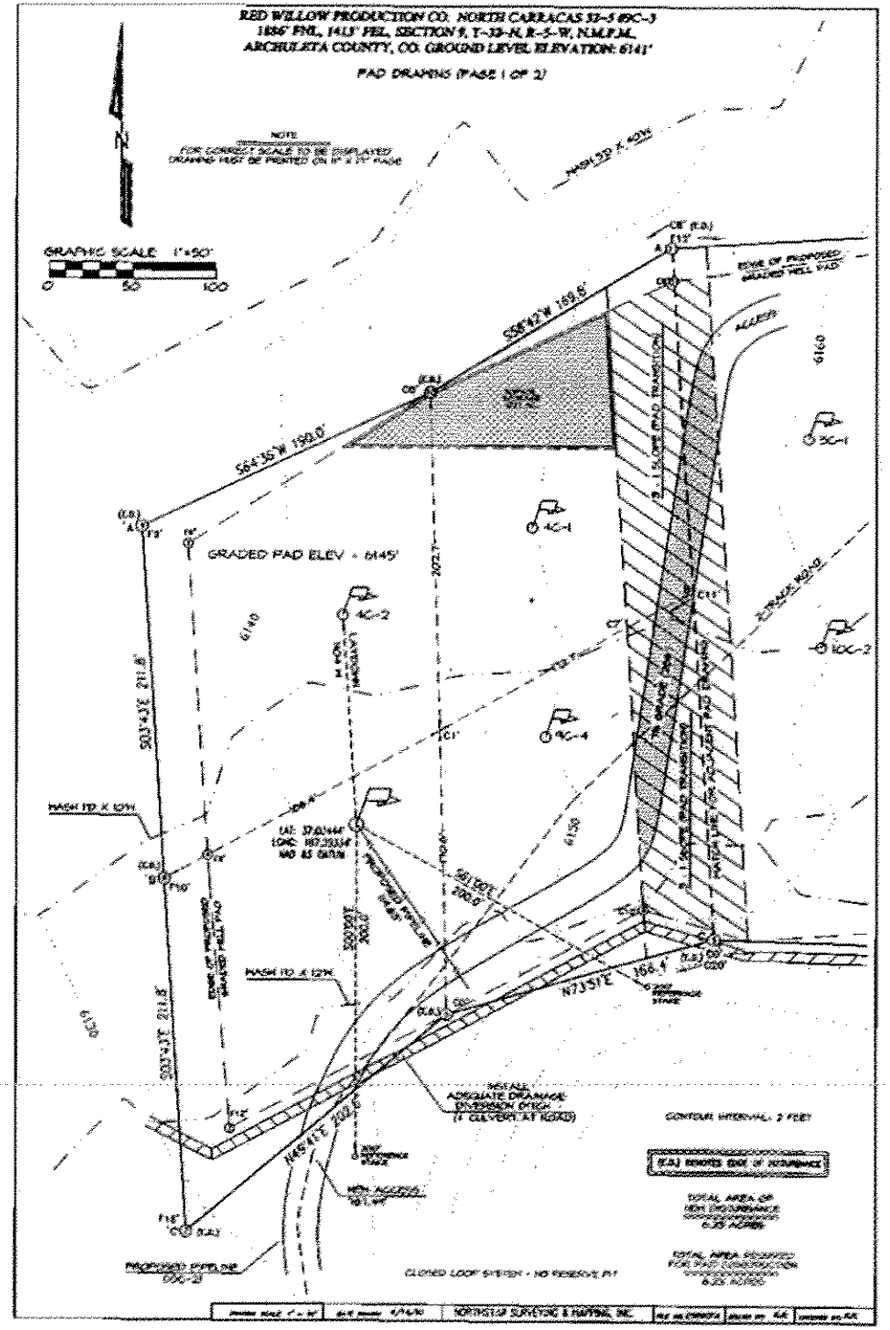
MARY SCOTT
NOTARY PUBLIC
STATE OF COLORADO
My Commission Expires 08-15-2014

Provided as a Courtesy
of Southern Ute
Tribal Government

EXHIBIT "A"

Attached to and made a part of that certain Surface Damage Agreement and Release by and between **Energen Resources Corporation ("Grantor")** and **Red Willow Production Co.**





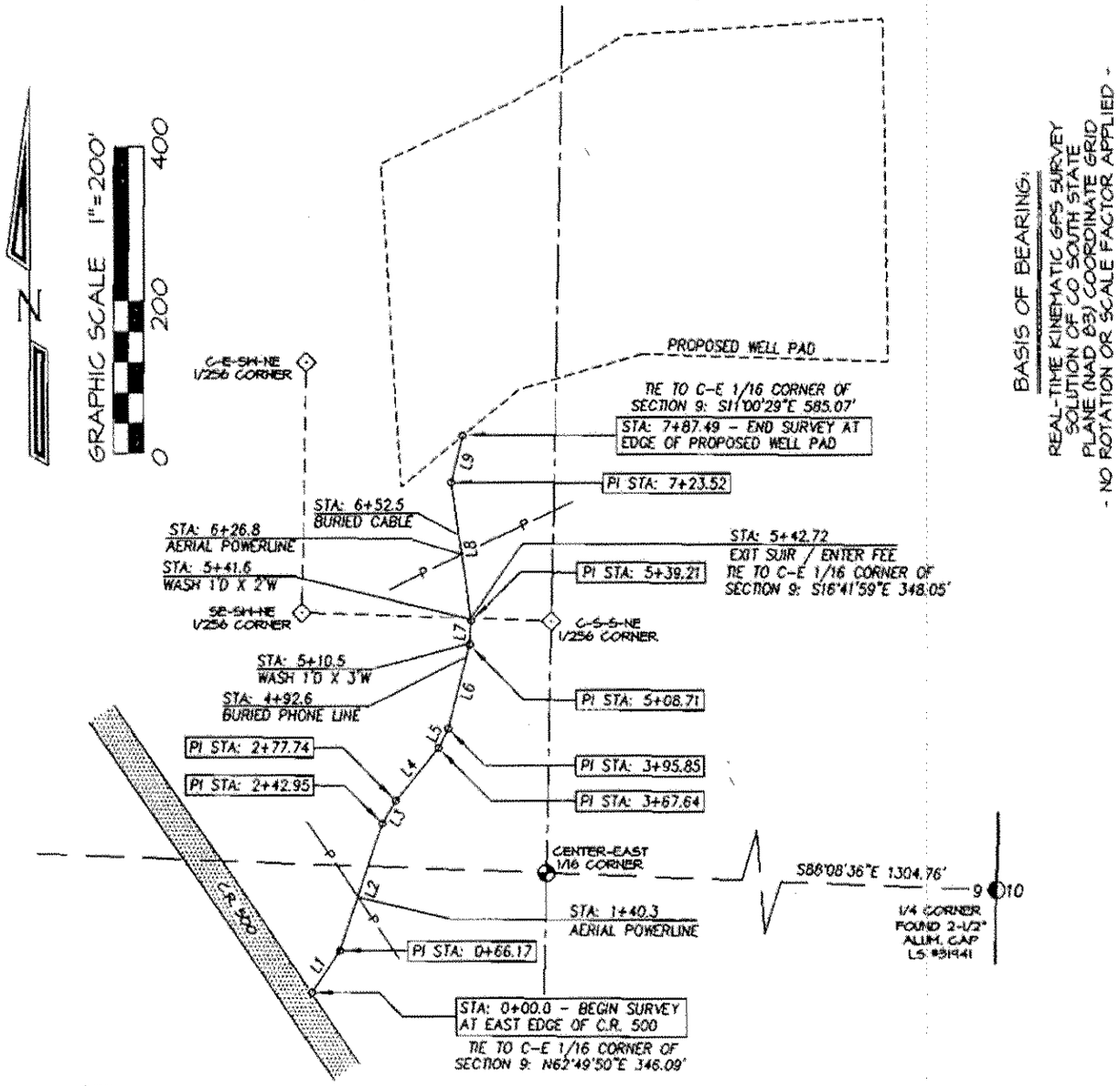
[redacted]

21004679 7/14/2010 1:16 PM June Madrid
5 of 5 AGR R$31.00 D$0.00 Archuleta County

EXHIBIT "B"

Attached to and made a part of that certain Surface Damage Agreement and Release by and between **Energen Resources Corporation ("Grantor")** and **Red Willow Production Co.**

RED WILLOW PRODUCTION COMPANY
PROPOSED ACCESS ROAD LOCATED IN THE E/2 OF SECTION 9, T32N, R5W, N.M.P.M., ARCHULETA COUNTY, COLORADO



COLORADO REGISTERED PROFESSIONAL LAND SURVEYOR KENNETH E. REA 31941 10-20-09

LINE TABLE		
LINE	BEARING	LENGTH
L1	N33°59'15"E	66.17'
L2	N18°18'58"E	176.78'
L3	N30°24'26"E	34.79'
L4	N38°50'20"E	89.90'
L5	N26°35'04"E	28.21'
L6	N13°55'39"E	112.86'
L7	N03°54'22"E	30.50'
L8	N08°33'32"W	184.31'
L9	N13°45'05"E	63.97'

OWNERSHIP	STATION	FEET/RODS
S.U.I.R.	0+00.0 TO 5+42.72	542.72 / 32.89
Energen Resources Corp.	5+42.72 TO 7+87.49	244.77 / 14.83

◐ denotes found 3-1/4" BLM brass cap

◇ denotes found 1-1/2" BLM brass cap

I, KENNETH E. REA, A REGISTERED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT THE SURVEY REPRESENTED BY THIS PLAT WAS MADE UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT ACCURATELY REPRESENTS THIS SURVEY TO THE BEST OF MY KNOWLEDGE AND BELIEF.

DRAWN BY: K.R. SURVEYED: 7/10/09
CHECKED BY: K.R. DRAWN: 10/15/09
FILE NO.: E091AC LOG NO.: E091

PREPARED FOR:
RED WILLOW PRODUCTION CO.

NORTHSTAR
SURVEYING & MAPPING, INC.
768 County Rd. 308
DURANGO, CO. 81303
(970) 385-0851

Provided as a Courtesy of Southern Ute Tribal Government