

SURFACE USE AGREEMENT

This Agreement is made and entered into this 18th day of August, 2008, by and between Marguerite Conrad Estate c/o Joseph Roberts Conrad - PR ("Owner"), whose mailing address is P. O. Box 374, Wray, CO 80758 and Rosewood Resources, Inc. (hereinafter referred to as Rosewood") whose address is 2711 N. Haskell Avenue, Suite 2800, Dallas, Texas, 75205, collectively, the "Parties".

WITNESSETH:

For and in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

- 1. Rosewood intends to drill or cause to be drilled an oil and/or gas well ("Well") on the following described lands ("Lands"):

Legal Description:

SW/4 NE/4 Section 31 – T4N - R45W
Approximately 2,314' FEL and 2,304' FNL (see attached Plat)
Well: Conrad #32-31
Yuma County, Colorado

- 2. In order for Rosewood to drill, construct, complete, produce, maintain and operate the Well and all pipelines, power lines, and other facilities or property of Rosewood associated with the Well, it is necessary that Rosewood enter and utilize the Lands. The Parties hereby agree as to compensation for damages, entry and surface use therefor.
- 3. Rosewood shall pay Owner the sum of DOLLARS ("Amount"). Owner hereby acknowledges that the Amount represents full, final and agreed consideration for any and all surface damages resulting from Rosewood's operations on the Lands. The Amount is also hereby acknowledged by Owner as full, final and agreed consideration for any and all damages caused or created by reason of the reasonable and customary ingress, egress, rights-of-way, drilling, completion, production and maintenance operations, well locations, and any and all related pipelines, or any other facilities constructed by Rosewood on the Lands, except as defined below. (Payment set out above shall be made as follows, but not more than thirty days prior to drilling of the well:)

100% to: Marguerite Conrad Estate
c/o Joseph Roberts Conrad - PR
P. O. Box 374
Wray, CO 80758

- 4. Rosewood shall pay rod for flow lines installed, except for those portions of the flow line that utilize the same ingress/egress routes used for the drilling and completion of the well. Rosewood shall bury all pipe lines below normal plow depth.
- 5. Any erosion caused by the activities of Rosewood along such ingress/egress routes to location shall be mitigated by remedial action at the expense of Rosewood.
- 6. Rosewood agrees to consult with "Owner" as to routes of ingress/egress for any wells drilled on the above described lands, in an attempt to minimize damages to the above described lands. Owner agrees not to unnecessarily withhold his consent as to routes of ingress/egress.
- 7. Except as to any extraordinary or unanticipated loss or damage, Owner does hereby release and hold harmless Rosewood from any and all liability of any nature and further payment for damages on the Lands which arise or may arise from, out of, or in connection with the Well or any pipelines, or other facilities constructed by Rosewood on the Lands for so long as operations are being conducted by Rosewood, its agents, successors or assigns.
- 8. Owner hereby agrees that by its payment of the Amount, Rosewood has fully complied with the applicable governmental regulations and statues, if any, relating to the settlement of the damages contemplated herein.
- 9. Notice by either Party shall be promptly given, orally if possible, and immediately mailed to:

Owner
Marguerite Conrad Estate
c/o Joseph Roberts Conrad - PR
P. O. Box 374
Wray, CO 80758
(970) 332-3234

Rosewood
Rosewood Resources, Inc.
Attn: Ginny Burchard
1600 Stout Street, Suite 1510
Denver, CO 80202
(303) 991-4690

This Agreement shall be binding upon and shall inure to the benefit of the Parties, their respective successors, agents, assigns, tenants and buyers.

IN WITNESS WHEREOF, the Parties hereunto set their hands, the day and year first above written.

Marguerite Conrad Estate

Rosewood Resources, Inc.

By: Joseph Roberts Conrad - PR
Joseph Roberts Conrad - PR

By: Dean Jarrett Landman
Dean Jarrett Landman

CONRAD #32-31 - MARGUERITE CONRAD ESTATE

Please Sign & Return This Copy