

SURFACE USE AND EASEMENT AGREEMENT

This Agreement is made and entered into this 26th day of July, 2006 between, 7-11 Ranch, Inc., a Colorado corporation and Rex Ross Walker, whose address is 3300 Airport Road, Boulder, CO 80301 (hereinafter "SURFACE OWNER") and Pioneer Natural Resources USA, Inc., whose address is 1401 17th Street, Suite 1200, Denver, CO 80202, (hereinafter "OPERATOR").

RECITALS:

1. OPERATOR owns an interest in the oil and gas minerals in and under lands owned by SURFACE OWNER and lands in the vicinity.
2. The intent of the this SURFACE USE AND EASEMENT AGREEMENT is to provide one (1) agreement between OPERATOR and SURFACE OWNER for the orderly development of the oil and gas minerals from all lands owned by SURFACE OWNER and those lands in the vicinity.

DEFINITIONS:

OPERATIONS AREA: Well site location utilized for stratigraphic tests, conducting exploration, drilling of wells, completion of wells, reworking of wells and production of oil and gas, including coal bed methane.

EASEMENT CORRIDOR: Property utilized by OPERATOR for the construction, operation and maintenance of access roads; gas pipelines, gathering lines, water lines, communication lines and electric lines.

NOW THEREFORE, SURFACE OWNER and OPERATOR hereby agree as follows:

1. For the consideration set forth below, the SURFACE OWNER hereby grants to the OPERATOR, the use of the surface as well as access across the surface to certain lands for the purpose of conducting surveys and stratigraphic tests; conducting exploration, drilling, completion, production, gathering and reworking operations; constructing, access roads; laying gas pipelines, water lines, communication lines, electric lines; and performing all additional operations associated with the exploration, capture, production, gathering and sale of oil and gas, including coal-bed methane on SURFACE OWNER'S property or in the vicinity of SURFACE OWNER'S property (hereinafter referred to as "OPERATIONS") located in Moffat County, Colorado, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

FURTHERMORE, SURFACE OWNER and OPERATOR agree as follows:

1. SURFACE OWNER grants OPERATOR the use of those lands described on Exhibit "A" attached hereto and made a part hereof necessary for construction and use of the OPERATIONS AREA(s) as defined herein.
2. SURFACE OWNER grants OPERATOR an EASEMENT CORRIDOR(s) providing OPERATOR the exclusive right, privilege and easement to locate, survey route, construct, trench, maintain, protect, operate, inspect, repair, re-size and replace , pipeline(s), gathering line(s), produced water line(s), and appurtenances thereto, which may include above and below electrical lines, above and below ground valves, meters, wire leads, markers, locators, and other surface structures or facilities which are essential to the operation of the pipeline(s), gathering line(s), and produced water line(s), for the purpose of transporting oil, gas, water, or other substances which may be transported through a pipeline regardless of their kind or nature, on, over, under, across and through those lands described on Exhibit "A" attached hereto and made a part hereof. Said EASEMENT CORRIDOR(s) shall be a strip of land, forty feet (40') in width and being twenty feet (20') on each side of the center line.

3. SURFACE OWNER grants OPERATOR an EASEMENT CORRIDOR(s) providing OPERATOR the exclusive right, privilege and easement to locate, survey route, construct, maintain, protect, operate, inspect, repair, re-size permanent access roads on over and across those lands described on Exhibit "A" attached hereto and made a part hereof. Said access roads shall provide OPERATOR ingress and egress to OPERATIONS AREA(s). In those instances where roads cross fence lines, cattle guards and/or braced gates shall be installed at the sole cost and expense of OPERATOR.
4. During construction or repair of the EASEMENT CORRIDOR and or installation, maintenance and replacement of OPERATOR'S equipment in the EASEMENT CORRIDOR, OPERATOR shall have the right to use an additional strip of land not more than twenty-five (25) feet in width on each side of the easement strip referred to above for working space only and additional work space of one hundred feet by one hundred and fifty feet (100' x 150') along the EASEMENT CORRIDOR at the crossing of roads, railroads, streams, terraces and uneven terrain.
5. Prior to beginning OPERATIONS, OPERATOR agrees to notify SURFACE OWNER in writing pursuant to the rules of the Colorado State Oil and Gas Conservation Commission ("COGCC"). OPERATOR shall consult with the SURFACE OWNER as to the location of the OPERATIONS AREA(s) and EASEMENT CORRIDOR(s). All designated locations will be in compliance with COGCC rules and regulations.
6. OPERATOR agrees that all gas pipelines, water lines and communication lines shall be buried below a depth of thirty-six inches (36") or to a depth permitted by subsurface rock.
7. OPERATOR agrees to keep OPERATIONS AREA(s) and EASEMENT CORRIDOR(s) maintained and free of noxious weeds, debris and litter generated by OPERATOR.
8. OPERATOR shall restore the surface of the land affected by such OPERATIONS as near as possible to the contours which existed prior to such OPERATIONS and in compliance with COGCC rules and regulations.
9. In the event that either SURFACE OWNER or OPERATOR fail to comply with any right, duty or obligation hereunder, the non-defaulting party shall so notify the defaulting party in writing and, if the default is not corrected within sixty (60) days from the receipt of said written notice, the non-defaulting party shall have the right to enforce the provisions of this Agreement in law or in equity along with any other rights and remedies provided under the law of the State of Colorado.
10. OPERATOR agrees to defend, indemnify and hold SURFACE OWNERS harmless from any and all third party claims, demands or judgments connected directly with OPERATOR'S operations on the OPERATIONS AREA(s).
11. SURFACE OWNER agrees that OPERATOR may file in the county records a "Memorandum of Surface Use and Easement Agreement" ("Memorandum") to provide third party notice of the existence of this Surface Use and Easement Agreement. Said Memorandum shall include an exhibit depicting the general location of either the OPERATIONS AREA(s) or EASEMENT CORRIDOR(s).
12. In the event parties not subject to this agreement claim any interest in the consideration for this agreement, SURFACE OWNER agrees to be responsible to those claimants for their proportionate share of said consideration.
13. It is hereby agreed and understood by the parties hereto that this Agreement shall not alter or supercede the rights of the OPERATOR in any oil and gas lease(s) covering the OPERATIONS AREA.

14. All express and implied covenants of this Agreement shall be subject to all federal, state, county or municipal laws, executive orders, rules and regulations, and OPERATOR'S obligations and covenants hereunder, whether express or implied, shall be suspended at the time or from time to time as compliance with such obligations and covenants is prevented or hindered or is in conflict with federal, state, county or municipal laws, rules, regulations or executive orders asserted as official by or under public authority claiming jurisdiction, or Act of God, adverse field or weather conditions, inability to obtain materials in the open market or transportation thereof, wars, strikes, lockouts, riots or other conditions in circumstances not wholly controlled by OPERATOR; and, this Agreement shall not be terminated in whole or in part, nor OPERATOR held liable for damages for failure to comply with any such obligations or covenants, if compliance therewith is prevented or hindered by, or is in conflict with, any of the foregoing eventualities.
15. This Surface Use and Easement Agreement shall inure to the benefit of, and shall be binding upon, the parties hereto and to their respective employees, contractors, subcontractors, affiliates, subsidiaries, agents, heirs, lessees, successors, legal representatives and assigns.
16. This Agreement shall be construed in accordance with the laws of the State of Colorado.
17. This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

CONSIDERATION

Payments made by OPERATOR to SURFACE OWNER for OPERATIONS AREA(s) and EASEMENT CORRIDOR(s) ,whether separate or collectively, are herein referred to as the Damage Payment.

OPERATIONS AREA:

Prior to the construction of an OPERATIONS AREA(s), OPERATOR shall remit to SURFACE OWNER, a Damage Payment, in the amount of Ten Thousand Dollars and NO/100ths (\$10,000.00) for each OPERATIONS AREA as defined herein and located on those lands as described on Exhibit "A" attached hereto and made a part hereof. Said Damage Payment hereby does release and discharge in full said OPERATOR, its officers, agents contractor, employees, successors and assigns from any all claim for injuries, losses or damages of any kind, character or description that were sustained to the surface of said lands, whether now apparent or known to them or which may hereafter develop as a result of the drilling of the oil and/or gas wells on the OPERATIONS AREA(s).

EASEMENT CORRIDOR:

Prior to the construction of an EASEMENT CORRIDOR(s) OPERATOR shall remit to SURFACE OWNER, a Damage Payment in the amount equal to Twenty Dollars and NO/100ths (\$20.00) per linear rod of the EASEMENT CORRIDOR area which shall be an inclusive payment covering the compensation for the easements as contemplated by paragraphs 2 , 3 and 4 of this SURFACE USE AND EASEMENT AGREEMENT and additionally any and all damages associated with the construction, operation, utilization, removal or repair of the facilities installed within the EASEMENT CORRIDOR(s).

NOTIFICATION:

All notifications shall be deemed properly given if delivered by mail, fax or email.

SURFACE OWNER:
7-11 Ranch Inc.
Attention: Rex Ross Walker
3300 Airport Road
Boulder, Colorado 80301
Phone: 303-442-0258
Fax: 303-442-0380

Email: cowboy@sombbrero.com

OPERATOR:
Pioneer Natural Resources USA, Inc.
Attention: Land Department
1401 17th Street, Suite 1200
Denver, CO 80202
Phone: 303-298-8100
Fax: 33-294-1255

This Agreement, incorporates Exhibit "A" attached hereto and made a part hereof, and constitutes the entire agreement between the SURFACE OWNER and OPERATOR concerning this Surface Use and Easement Agreement, and no representations or statements, either verbal or written, have been made between SURFACE OWNER and OPERATOR which modify, add to, or otherwise change the terms of this Surface Use and Easement Agreement. All modifications and amendments to this Surface Use and Easement Agreement of every nature and kind shall only be made in writing, signed by both SURFACE OWNER and OPERATOR.

EXECUTED as of the day and year first above written.

SURFACE OWNER:

7-11 RANCH INC.


Rex Ross Walker, President


Rex Ross Walker

STATE OF Colorado)
) ss.
COUNTY OF)

On this _____ day of _____, 2006, before me, the undersigned, a Notary Public in and for said County and State, Rex Ross Walker personally appeared and personally known to me, or proved to me on the basis of satisfactory evidence, to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon which the person acted, executed the instrument.

WITNESS my hand and official seal.

Notary Public _____ My Commission Expires _____

Exhibit "A"

THIS EXHIBIT "A" IS ATTACHED HERETO AND MADE A PART HEREOF TO THAT SURFACE USE AND EASEMENT AGREEMENT BY AND BETWEEN 7-11 Ranch Inc., a Colorado corporation, as SURFACE OWNER AND PIONEER NATURAL RESOURCES USA, INC., AS OPERATOR.

SUBJECT LANDS:

1. All those lands described in that certain deed dated April 15, 1968 and recorded in Book 351, Page 93 with Reception #187026, Moffat County, Colorado.
2. All those lands described in that certain Oil and Gas Lease dated August 7, 2000 recorded with a document number 2000L-3273 and perpetuated by that certain EXTENSION OF LEASE TERM dated June 11, 2003 with a document number 2003L-3065.

It is the intent of this Surface Use and Easement Agreement to provide for OPERATOR'S use and access to all of lands owned by SURFACE OWNER for OPERATOR'S use to explore for and produce oil and gas including coal-bed methane.

7-11 RANCH, INC.

BY: 
Rex Ross Walker, President


Rex Ross Walker, Individually