

**SURFACE AND DAMAGE AGREEMENT**  
(with Receipt and Release)

THIS AGREEMENT made and entered in this 18th day of January, 2001, by and between National Hog Farms, Inc., owners of the surface of the SE/4 of Section 21, Township 5 North, Range 63 West, 6th P.M., in the county of Weld, State of Colorado, hereinafter referred to as "Owner", and Petroleum Development Corporation, hereinafter referred to as "PDC".

For and in consideration of Three Thousand and 00/100ths Dollars (\$3,000) in hand paid by PDC by delivery of its check number 8738, the receipt and sufficiency of which is hereby acknowledged as full payment, settlement, satisfaction and discharge of any and all claims against PDC, its agents, employees and contractors for any and all detriment, injuries and damages of whatsoever nature and character growing out of, incident to, or in connection with the reasonable and customary performance in the drilling and completing of the following "Well" as a well capable of producing oil and/or gas, or plugging and abandoning it as a dry hole, and all related operations in preparing the Well for production or abandonment ("Operations"):

Well Name:	National Hog Farm #21-43
Legal Location:	<u>Township 5 North, Range 63 West, 6th P.M.</u> Section 21: center of NE/4SE/4 Weld County, Colorado

especially including, but not limited to, injury or damage to growing crops as a result of the Operations, access to the Well, and occupancy on the well site.

Payment hereunder shall not compensate Owner for damages to improvements on Owner's land other than growing crops, including without limitation damages to buildings, fences, gates and livestock, and other extraordinary losses or damages caused by PDC, its agents, employees and consultants to Owner's property, or to the property of Owner's surface lessee, if any. PDC agrees to compensate Owner promptly for such extraordinary losses and damages upon mutually agreeable terms.

Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops or surface improvements, which could

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be affected by PDC's proposed Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other party having an interest, resulting from PDC's Operations shall be settled by Owner and Owner shall indemnify and hold PDC harmless against any claims resulting therefrom.

PDC agrees to perform all necessary reclamation work so that land affected by its operations is restored as nearly as practicable to its original contour and existing vegetative cover.

PDC, its agents, employees and contractors further agree to the following:

- a. the owner has granted PDC, its agents, employees and contractor access through the S/2N/2 and N/2S/2 of Section 20 and the S/2 Section 21 for the sole purpose of developing and maintaining a well located in the SE/4 of Section 21, and that no other rights-of-way are being granted by this agreement, for additional access through either Sections 20 or 21. PDC acknowledges that but for the permission granted herein to cross Sections 20 & 21, PDC has no legal right to cross Sections 20 & 21.
- b. the access roadway will begin at an existing gate on the north side of Route 388; thence proceed easterly along an existing ranch road that traverses Section 20; thence easterly along the south line of Section 21, following a route previously agreed upon by both parties to access the well. All steep grades and/or unstable ground conditions will be avoided, to the extent possible.
- c. that absolutely no hunting will be permitted on the subject or other lands contained within the bounds of National Hog Farm, Inc.
- d. that all vehicles will operate on lease or drillsite roads at all times, strictly adhering to the ranch speed of 20 m.p.h.
- e. to promptly report any damage to fences, cattle guards or other improvements located on the subject or other lands contained within the bound of National Hog Farm, Inc.
- f. PDC shall be fully responsible for all conduct, actions, omissions and activities of its agents, contractors, drillers, pumpers, and all persons employed thereby who are on the property of National Hog Farm, Inc. in order to conduct or perform Operations.
- g. In addition to the consideration provided herewith, PDC shall pay all damages resulting from negligence or failure to perform in accordance with reasonable industry standards, or in violation of statute or regulations of Colorado Oil & Gas Conservation Commission and shall include, without limitation, damage, death

or injury to livestock resulting from Operations including, without limitation, leaving gates open, leaving fences down, livestock access to open pits, separators, hydrocarbon spills, collisions with vehicles and ingestion of hydrocarbon materials produced from Operations.

- h. PDC shall maintain a comprehensive general liability policy insuring itself against all claims arising from Operations. PDC shall indemnify and hold National Hog Farm, Inc. harmless from and against any claims by third persons (including corporations, partnerships, limited liability companies or other entities) for damage to property or injury or death to persons occasioned by Operations.
- i. Should an oil and/or gas well be completed, PDC shall pay any and all damages resulting from future re-completing, deepening, reworking, replacing and/or plugging the well. It is the intention of this paragraph to require PDC to pay for all future damages resulting from future soil disturbance(s).

Concerning any matter relating to PDC's proposed Operations, Owner may contact:

Operator:	Petroleum Development Corporation
Person to Contact:	Jeffrey T. Davis
Address:	2970 29th Street, Suite 18 Greeley, Colorado 80631
Phone Number:	970-506-9272
Fax:	970-506-9276
Cellular:	970-371-2204

Commencement of PDC's Operations with heavy equipment is estimated to begin on January 15, 2001. Owner acknowledges that it has been given notice by PDC of its proposed Operations at least thirty (30) days [or if the well is to be drilled on irrigated crop lands between March 1 and October 31 at least fourteen (14) days] prior to PDC's estimated commencement date or hereby waives such thirty (30) day, or fourteen (14) day requirement.

A brochure is available upon request from the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado, 80203, which described the rights and responsibilities of Owner as the surface owner.

Owner acknowledges that it has consulted with PDC as to the location of roads and the necessary production facilities and the location and size of the wellsite for the above described well, or hereby waives such consultation requirements. Owner also acknowledges that Owner had an opportunity to comment to PDC regarding preferences for the timing of

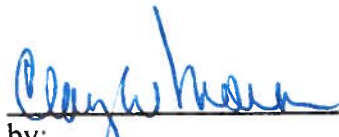
the Operations and preferred locations for the Well and associated facilities. Owner has requested that all consultations be conducted directly with Owner, or [if the information is filled out below directly with the following tenant:

This agreement shall extend to and bind Owner, PDC, and their respective heirs, personal representatives, successors and assigns.

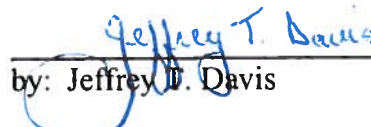
IN WITNESS WHEREOF, the parties have executed this Agreement on the same date as shown above.

OWNER:

**National Hog Farm, Inc.**

  
by: \_\_\_\_\_  
Tax ID #: 43-1483629  
Address: \_\_\_\_\_

**Petroleum Development Corporation**

  
by: Jeffrey T. Davis