

October 10, 2011

COPY

CERTIFIED MAIL - RETURN RECEIPT REQUEST

C & N, LLC
c/o Mr. Donald McCasland
2651 County Road East V
Paxton, NE 69155

RE: Advanced Notice of Drilling
Township 3 North - Range 47 West
Section 35
MCCASLAND #11-35 - NW/4 NW/4
MCCASLAND #13-35 - NW/4 SW/4
MCCASLAND #24-35 - SE/4 SW/4
Yuma County, Colorado

Dear Mr. McCasland;

Pursuant to Rule 305(e)(1)(B) of the Colorado Oil and Gas Conservation Commission, this letter is to give you advanced notice that Rosewood Resources, Inc. intends to conduct drilling operations for three (3) gas wells as indicated on the attached SUA's and plats.

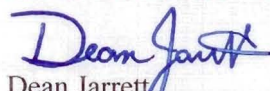
Enclosed, please find a postage-paid Post-Card where you can indicate your preference for an onsite inspection of our proposed well locations and the corresponding ingress/egress routes. **Don Drommond will coordinate a meeting with you, based on your times of preference to meet as indicated on the returned post-card.**

In addition, there is enclosed three (3) Surface Use Agreements for your review and consideration. The Surface Use Agreements cover one (1) proposed well located in the NW/4 and two (2) proposed wells located in the SW/4 of Section 35-Township 3 North-Range 47 West, in Yuma County, Colorado.

I have enclosed two copies of each agreement, one for you to date, execute and return in the enclosed self-addressed envelope and the other marked "copy" for you to keep for your records.

Your cooperation concerning this matter is greatly appreciated. Should you have any questions or require additional information regarding this matter, please do not hesitate to contact Don Drommond at (970) 630-5150 or myself at (970) 630-3378.

Very truly yours,
ROSEWOOD RESOURCES INC.


Dean Jarrett
Registered Landman

cc: Steve McCasland – Tenant

Rosewood Resources, Inc.
529 N. Albany Street
Suite 1270
Yuma, CO 80759
970-848-2228
970-848-2245 (Fax)

SURFACE USE AGREEMENT

This Agreement is made and entered into this ____ day of _____, 2011, by and between C & N, LLC c/o Donald D. McCasland ("Owner"), whose mailing address is 7057 County Road 40; Yuma, CO 80759 and Rosewood Resources, Inc. (hereinafter referred to as Rosewood") whose address is 2101 Cedar Springs Road, Suite 1500, Dallas, TX 75201, collectively, the "Parties".

WITNESSETH:

COPY

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:

NW/4 SW/4 Section 35-T3N-R47W
Approximately 603' FWL and 2,073' FSL (see attached plat)
Well: McCasland #13-35
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 \$2,500.00 [TWO THOUSAND FIVE HUNDRED 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. (Payment set out above shall be made as follows, but not more than 30 days prior to drilling operations :)

100% to: C & N, LLC. (a Colorado Limited Liability Company)
c/o Donald D. McCasland – General Partner
7057 County Road 40
Yuma, CO 80759
(308) 726-3412

4. Rosewood shall pay \$10.00/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. Rosewood further agrees to use its best efforts to restore said premises, as close as reasonably possible, to its original contour and condition.
5. 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.
6. By signing below the surface owner waives the notification requirements of Rule 305 and acknowledges that upon receipt of this SUA Rosewood Resources, Inc. may proceed with drilling at their discretion after providing at least 10 days prior notice to surface owner.
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 statutes, 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

C & N, LLC. (a Colorado Limited Liability Company)
c/o Donald D. McCasland – General Partner
7057 County Road 40
Yuma, CO 80759

Rosewood

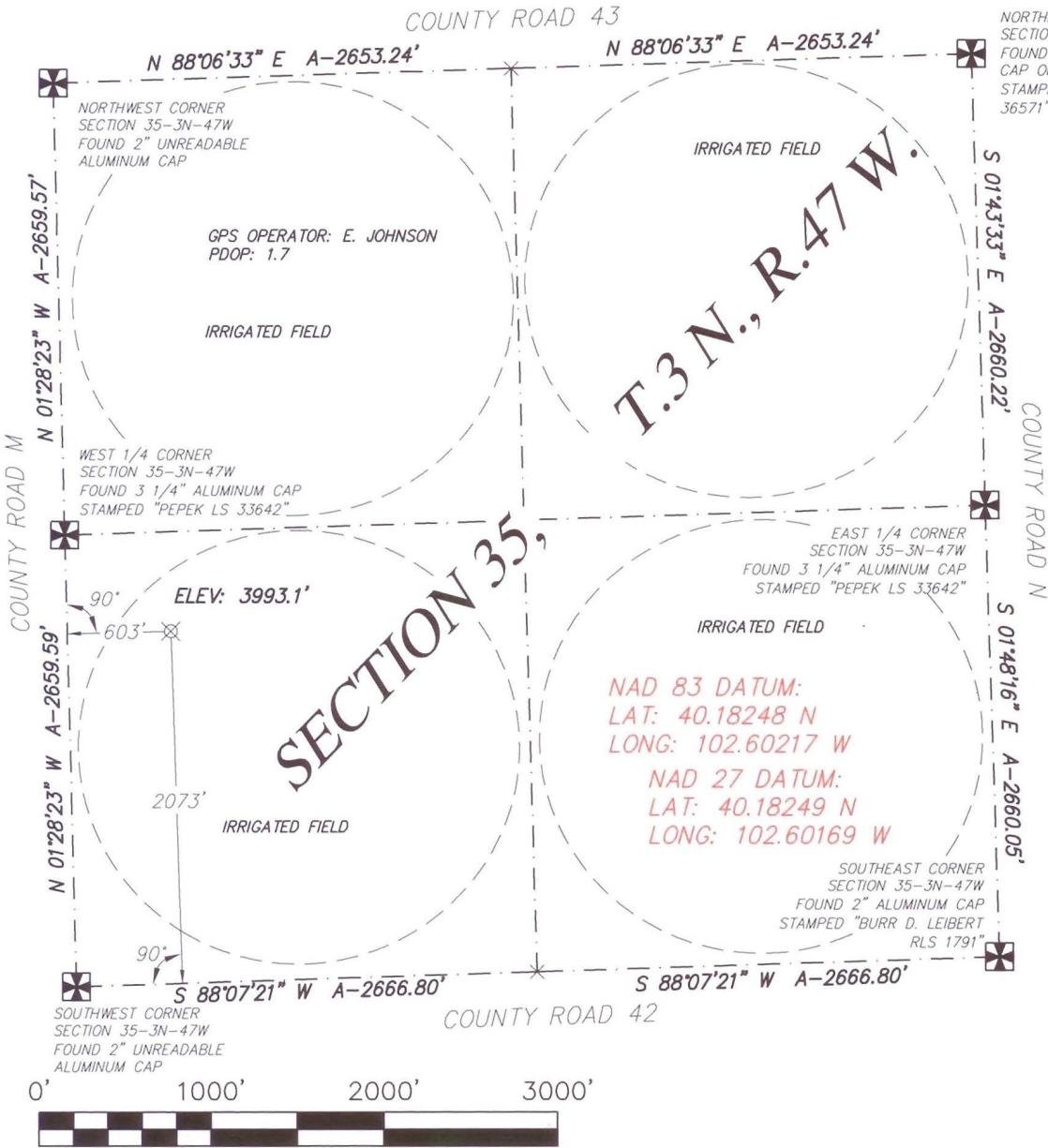
Rosewood Resources, Inc.
Attn: Land Department
2101 Cedar Springs Road, Suite 1500
Dallas, TX 75201

THE ACCOMPANYING DRAWING IS AN ACCURATE REPRESENTATION SHOWING THE LOCATION OF A PROPOSED WELL. THIS LOCATION MAY BE DESCRIBED AS A POINT 2072 FEET NORTH OF THE SOUTH LINE AND 603 FEET EAST OF THE WEST LINE OF SECTION 35 TOWNSHIP 3 NORTH, RANGE 47 WEST OF THE 6TH P.M., YUMA COUNTY, COLORADO.

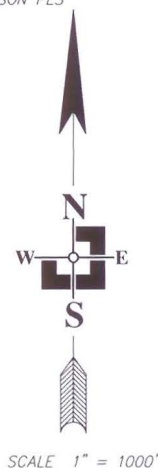
NOTE: THIS IS NOT A LAND SURVEY PLAT
BASIS OF LATITUDE/LONGITUDE AND ELEVATION VALUES ARE
DERIVED FROM GEODETIC SURVEY MONUMENT DESIGNATED
VONA PID LK0552 LOCATED APPROXIMATELY 1.4 MILES
SOUTHWEST OF PROPOSED WELL LOCATION

BASIS OF BEARING IS THE NORTH LINE OF SECTION 35
TOWNSHIP 3N RANGE 47W OF THE 6TH P.M. WHICH IS
ASSUMED TO BEAR N 88°06'33" E

THERE ARE NO VISIBLE IMPROVEMENTS WITHIN 200'



COPY



LEGEND

- FOUND ALIQUOT CORNER
- PROPOSED WELL LOCATION
- CALCULATED ALIQUOT CORNER
- A- ACTUAL DISTANCE

ALL DISTANCES SHOWN ARE
GROUND DISTANCES AND
ARE FIELD MEASURED. THE
PROPOSED WELL LOCATION
DISTANCES ARE AT RIGHT
ANGLES FROM THE NEAREST
NORTH/SOUTH AND
EAST/WEST SECTION LINES.
ALL GPS DATA IS
CORRECTED USING A SOKKIA
GSR 2600 BASE STATION
AT THE STATED GEODETIC
MONUMENT.

DATE OF FIELD WORK	DATE OF DRAWING
24 AUG 2011	31 AUG 2011
WELL NUMBER	
MC CASLAND 13-35 3N 47W YUMA COUNTY, COLORADO	
LOCATION	
SW 1/4 SEC 35 T3N R47W	ROSEWOOD RESOURCES, INC.
THREE CORNERS SURVEYING AND MAPPING, LLC	
PO Box 463; 312 Main Street 970-332-4133	
Wray, CO 80758 3cornerssurveying@centurytel.net	

SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT, UNDER MY PERSONAL
SUPERVISION, THIS WELL LOCATION DRAWING WAS
PREPARED FROM AN ACTUAL SURVEY AND THE DATA
HEREON IS CORRECT TO THE BEST OF MY KNOWLEDGE.

RYAN E. DICKINSON
COLORADO PROFESSIONAL SURVEYOR
P.L.S. 36571

ROSEWOOD
RESOURCES
IN HOUSE
USE ONLY

I, _____, (print name) as surface owner of **the W/2 of Section 35 - Township 3 North - Range 47 West**, do hereby waive the 30 day rule of notification prior to the commencement of drilling operations.

_____ YES _____ NO

_____ YES _____ NO, I do hereby waive the Onsite Inspection.

Check only if applicable:

_____ I choose to appoint my surface tenant _____, as the person to meet with the operator concerning the proposed drilling or other operations. The surface tenant's telephone number is:

_____ I do not wish to meet with the operator and waive, and relinquish my right to meet with the operator concerning the drilling or other proposed operations.

Surface Owner Signature

MCCASLAND #11-35 - NW/4 NW/4
MCCASLAND #24-35 - SE/4 SW/4

MCCASLAND #13-35 - NW/4W/4

COPY

Rosewood Resources, Inc.
Attn: Land Department
P. O. Box 227
Yuma, CO 80759

Rosewood Resources, Inc.
Attn: Land Department
P. O. Box 227
Yuma, CO 80759



7010 3090 0003 5462 2675

SENDER: COMPLETE THIS SECTION

- Complete Items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Mr. Donald McCasland
2651 County Road East V
Paxton, NE 69155

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (*Printed Name*)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes

If YES, enter delivery address below: ☐ No

3. Service Type

☐ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (*Extra Fee*)

☐ Yes

2. Article Number

(*Transfer from service label*)

7010 3090 0003 5462 2675

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

ROSEWOOD
RESOURCES

Mr. Donald McCasland
2651 County Road East V
Paxton, NE 69155

Rosewood Resources, Inc.

P.O. Box 224

Yuma, CO 80758