

**EASEMENT, RIGHT-OF-WAY
and
SURFACE USE AGREEMENT**

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This Easement, Right-of-Way and Surface Use Agreement ("Agreement") is entered into as of the 10th day of March, 2004, by and between Julius L. Palyo and Janet Palyo, whose address is 22009 WCR 22 Hudson, CO 80642 ("Surface owner," whether one or more) and Kerr-McGee Rocky Mountain Corporation, a Delaware corporation ("KMRMC"), with offices at 1999 Broadway, Suite 3600, Denver, CO 80202 covering certain lands, (the "Lands") situated in Weld County, Colorado described as follows:

Township: 2 North, Range 65 West, of the 6th P.M.
Section 11: N/2NW/4

For and in consideration of the sum of ten dollars (\$10.00), and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agree to the terms and provisions set forth as follows:

1. Compensation for Well; Release of All Claims

KMRMC shall pay to Surface Owner the sum as set forth in and according to the terms of that certain Letter Agreement by and between Surface Owner and KMRMC, dated March 10, 2004, as full and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or growing crops thereon that may occur as a result of KMRMC drilling or completion operations or its continuing activities for the production or transportation of oil, gas, or other hydrocarbons or products associated with the foregoing including, but not limited to, surface use, access, mud and reserve pits, wellhead equipment, separators, tank batteries, pipelines, gathering lines, flowlines, pipeline interconnections, and any and all other reasonable or customary uses of land related to said operations or activities.

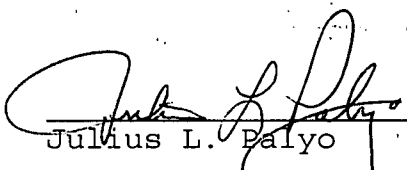

2. Grant of Right of Way and Easement

Surface Owner hereby grants, bargains, sells, assigns and conveys to KMRMC an easement and right-of-way for the purpose of constructing, using and maintaining access roads, locations for surface equipment and subsurface gathering lines for each well drilled upon the Lands, pipelines, and pipeline interconnections for one year from the date of commencement of surface activities for drilling operations and so long thereafter as oil or gas is produced or capable of being produced from any well drilled on the Lands, provided however, no easement or right-of-way is granted across any irrigation circle or which would interfere with any existing improvements.

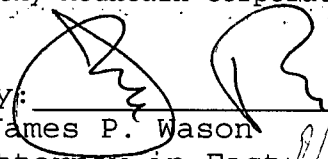
This Agreement shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the undersigned.

The undersigned have executed this Agreement as of the day first above written.

SURFACE OWNER


Julius L. Palyo

Janet Palyo

Kerr-McGee
Rocky Mountain Corporation

By: 
James P. Wason
Attorney-in-Fact



3167819 04/05/2004 02:20P Weld County, CO
2 of 2 R 11.00 D 0.00 Steve Moreno Clerk & Recorder

STATE OF COLORADO)
) ss
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this 12 day of MARCH, 2004, by Julius L. Palyo and Janet Palyo.

Witness my hand and official seal.

Dirk Deyson
Notary Public

My commission expires 6/13/2006



STATE OF COLORADO)
CITY AND) ss
COUNTY OF DENVER)

This instrument was acknowledged before me this 29th day of March, 2004, by James P. Wason, Attorney-in-Fact of Kerr-McGee Rocky Mountain Corporation, a Delaware corporation, on behalf of the corporation.

Witness my hand and official seal.

Cheryl Light
Notary Public



My Commission Expires 03/24/2008

My commission expires _____