

SURFACE LEASE

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which is hereby acknowledged, this 24th day of June, 2007, Shideler Land and Cattle Company, L.L.C., ("Lessor") hereby lease for the purposes of installing, operating and maintaining a water reserve pit facility unto **ENCANA OIL & GAS (USA) INC.** ("Lessee"), its successors and assigns, a certain tract or parcel of land located in the County of Garfield, State of Colorado shown on attached Exhibit "A" and located within

Township 7 South, Range 93 West, 6th P.M.

Sections: 25: NW¼SE¼

1. **Use of Parcel:** Lessee shall have the right to locate on the J25W drill pad a water reserve pit and water pipelines, associated and related equipment necessary to use, operate and maintain said water pit for fracing operations. Lessee shall have the right to locate water poly lines, both above and below ground, adjacent to, on, over, under, across and through the J25W drill pad. Lessee agrees to keep equipment and materials in a neat and orderly condition.
2. **Roadway Access:** To access the water reserve pit facilities, Lessee agrees to use the existing access road from County Road 315. During the term of this Agreement, Lessee shall repair all damage to the access road caused by Lessee's use.
3. **Temporary Pipeline:** Temporary surface pipelines will exit the Staging Area and will be removed when fracing operations are complete. Consideration for these temporary lines will be paid as stated in letter agreement.
4. **Term:** This lease shall commence on the above date and shall be continued on an annual basis so long as this area is used by Lessee, its successors and assigns, for the purposes herein stated.
5. **Payment:** As consideration for this Agreement, Lessee agrees to pay Lessor an initial installation fee of _____. Thereafter on each anniversary date of this Lease, Lessee shall pay Lessor a rental of _____ for so long as water pipelines, associated and related equipment necessary for the tracing operation are located on the leased premises.
6. **Notice of Termination:** Lessee may terminate this Agreement at any time by providing Lessor with ninety (90) days prior written notice, and in such event, Lessee shall have no further obligations except to remove the reclaim water storage facilities and restore the leased premises.
7. **Title Transfer:** No change in ownership of the Agreement shall be binding on Lessee unless and until Lessee has been furnished a copy of the recorded conveyance transferring such title.
8. **Full Use and Enjoyment:** Lessee shall have the full use and enjoyment of said lands for the purposes described herein.
9. **Indemnity of Lessee:** Except for any claims arising out of or due to acts or omissions of Lessor, Lessee shall indemnify and hold Lessor harmless against and from all claims

arising from Lessee's use of the water storage facilities on and adjacent to the J25W drill pad.

10. **Termination of Lease:** Upon termination of this Lease, Lessee shall remove all above ground valves & pipes, storage tanks, equipment, materials and supplies related to this lease. Lessee shall have the option to abandon any below ground pipelines in place.
11. **Notices:** All notices and demands required or permitted to be given by either party to the other hereunder, shall be in writing. All notices and demands shall be sent by United States mail, certified, return receipt requested, postage prepaid, addressed as follows:

Lessor: Shideler Land and Cattle Company, L.L.C.
4128 County Road 315
Silt, CO 81652

Lessee: EnCana Oil & Gas (USA) Inc.
370 17th Street, Suite 1700
Denver, CO 80202
Attention: Land Department

All notices and demands given hereunder shall be considered to be given and delivered upon deposit in the United States mail as herein provided.

12. **Memorandum of Surface Lease Recorded:** A Memorandum of this Lease may be recorded by the parties and if recorded, Lessee agrees to record a release within thirty (30) days following the termination of this Lease.

13. **Governing Law:** This Lease shall be governed by the laws of the State of Colorado.


IN WITNESS WHEREOF, the parties have set their hands on the day and year first written above.

Lessor:
Shideler Land and Cattle Company, L.L.C.

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Benjamin Paul Shideler, Manager

Lessee:
EnCana Oil & Gas (USA) Inc.



Joel S. Fox, Attorney-in-Fact
MKS
JMS

ACKNOWLEDGMENT PAGE

Notary Page to Surface Lease dated June 24, 2007, by and between Shideler Land and Cattle Company, L.L.C. and EnCana Oil & Gas (USA) Inc.

STATE OF Colorado)
) §.
COUNTY OF Garfield)

On this 24th day of June, 2007, for me personally appeared Benjamin Paul Shideler, Manager for the Shideler Land and Cattle Company, L.L.C., known to be the person described in and who executed the foregoing instrument, and who acknowledged to me that he executed the same.

My Commission Expires: 6-19-08

Notary Public:

Richard S. Hayes

STATE OF COLORADO)
) §.
CITY & COUNTY OF DENVER)

On this 24th day of June, 2007 before personally appeared Joel S. Fox Attorney-in-Fact for EnCana Oil & Gas (USA) Inc. known to me to be the person described in and who executed the foregoing instrument, and who acknowledged to me that he executed the same.

My Commission Expires: 6/23/09

Notary Public:

Diana K. Weber



My Commission Expires 06/23/2009