

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

This Easement, Right-of-Way and Surface Use Agreement ("Agreement") is entered into as of March 21, 2012, by and between **Sakata Land Company**, herein referred to as ("Surface Owner"), whose address is PO Box 508, Brighton, CO 80601 and **Kerr-McGee Oil & Gas Onshore LP**, ("KMG") with offices at 1099 18th Street, Suite 1800 Denver, CO 80202 covering the real property reasonably necessary for oil and gas development and production related operations and facilities at the approximate locations depicted on Exhibit A and located on the following described lands, (the "Lands") situated in Weld County, Colorado described as follows:

Township 1 North, Range 65 West of the 6th P.M.
Section 5: SE4

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 Wells and Related Facilities

In connection with the drilling, completion, recompletion, operation and maintenance of the eight (8) oil and gas wells and related facilities depicted on Exhibit A, KMG 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 KMG, dated March 21, 2012, 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 KMG conducting reasonable, non-negligent drilling and completion operations and 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.

This Agreement covers only the 8 oil and gas wells and related facilities the approximate locations of which are depicted on Exhibit A. Consequently, this Agreement does not provide for the drilling of any oil and gas well, including any of the 8 wells that are the subject of this agreement, or the construction of any related facilities on the Lands at locations other than the approximate locations depicted on Exhibit A.

KMG shall remain liable for damages caused by its negligence or willful misconduct in drilling, completing and producing from the wells that are the subject of this Agreement and for damages to personal property and crops caused by operations not contemplated by this Agreement. Notwithstanding any other provision herein to the contrary, KMG shall be liable for any and all damages caused by: (1) violation(s) of this Agreement; or (2) violation(s) of any Rule and/or Regulation of the COGCC, provided Surface Owner shall not have a private right of action to enforce any such Rule and/or Regulation. Compensation for additional surface damages occasioned by negligence on the part of KMG or for use of the Lands for operations not contemplated by this Agreement shall be negotiated between Grantor and Grantee, but shall not affect the term or validity of this Agreement.

2. Well Sites

This Agreement covers only those wells depicted on Exhibit A, and does not cover future wells that may be drilled on the Lands. This Agreement does not in any way limit the rights of KMG to drill additional wells on the Lands or exercise the rights consistent with its mineral ownership. KMG shall consult with and Surface Owner and KMG shall reasonably accommodate one another regarding ways of ingress and egress, pipeline and tank battery/treater locations and tanker truck service areas with respect to any future wells that may be drilled on the Lands.

3. Grant of Right of Way and Easement

In connection with the wells and related facilities the approximate locations of which are depicted on Exhibit A, Surface Owner hereby grants, bargains, sells, assigns and conveys to KMG an easement and right-of-way on and across the Lands for the purpose of constructing, using and maintaining access roads, locations for surface equipment and subsurface gathering lines for such wells to include 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 such wells, provided however, no easement or right-of-way is granted across any irrigation circle or which would interfere with any existing improvements.

4. Indemnification

The Parties shall indemnify and hold one another harmless from and against any and all liability, loss, damage, claims, demands, costs and expenses of whatsoever nature, including court costs and attorney's fees which may result from injury to or death of persons whomsoever, or damage to or loss or destruction of property however caused, which is due or arises because of their presence on, occupation of, or use of the Lands and the use of the Lands by their employees, contractors, guests and/or invitees, except to the extent that such liability, loss, damage, claim, demand, cost and/or expenses is compensated for pursuant to Section 1 of this Agreement or arises as a result of the other Party's negligence or willful misconduct. This indemnity shall not cover or include any amounts for which the indemnified Party is actually reimbursed by any third party.

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:
Sakata Land Company

By: 
Name: Robert T. Sakata
Title: Partner

Kerr-McGee Oil & Gas Onshore LP

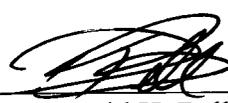
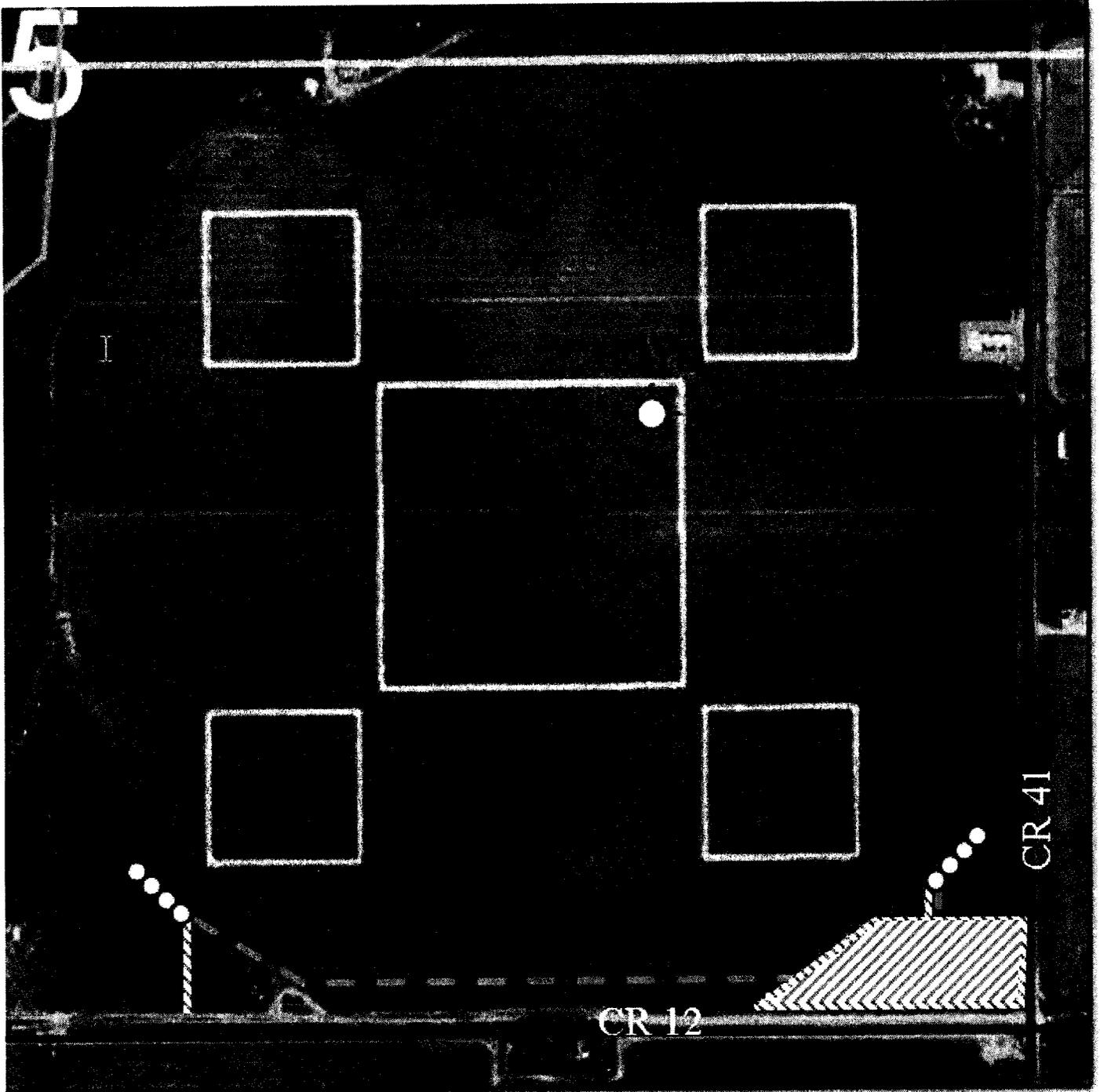
By:  JS
Name: David H. Bell
Title: Agent & Attorney-in-Fact

EXHIBIT A
to the Easement, Right-of-Way, and Surface Use Agreement



This aerial photo and all notations and depictions thereon is provided as a courtesy and is intended to be used for general reference purposes only. Kerr-McGee/Quadrant expressly disclaims any and all representations or warranties regarding the accuracy or the completeness of the information appearing on this aerial photo and any reliance on it for any purpose whatsoever is at the sole risk of the party so relying.



- Access Road
- KMG Gathering Line
- Duke Pipeline
- RGSJ Pipeline
- Proposed Flowline
- Legal Drilling Window
- Exist Battery Location
- ▨ New Battery Location
- Proposed Wellhead
- Bottomhole Location
- Potential Drill Sites

McGee		
Exhibit A Sec. 5-T1N-R65W Weld County, CO		