

EASEMENT
and
SURFACE USE AGREEMENT

This Easement and Surface Use Agreement ("Agreement") is entered into this 31 day of August, 1988, by and between Hans L. Johnson and Maude E. Johnson, husband and wife ("Surface Owner"), whose address is 4006 Regal Drive, Grand Island, Nebraska 68803, and ELK EXPLORATION, INC., a California corporation ("Elk"), with offices at 3807 Carson Avenue, Evans, Colorado 80620, covering certain lands, (the "Lands"), situated in Weld County, Colorado, described as follows:

Township 3 North, Range 66 West, of the 6th P.M.
Section 24: NW/4NE/4, NW/4SE/4, SW/4SE/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.

Elk shall pay to Surface Owner the sum as set forth and agreed to in that Letter Agreement by and between Surface Owner and Elk, dated August 31, 1988, as full and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature and/or character caused by Elk to the value of the real estate, growing crops or livestock thereon including, but not limited to, all surface use, access, surface damages, mud and reserve pits, wellhead equipment, separators, tank batteries, pipelines, flow lines and any and all other reasonable and customary uses of land as a result of drilling and completion operations and continuing activities for the production of oil and gas.

2. Grant of Right of Way and Easement.

Surface Owner hereby grants, bargains, sells, assigns and conveys to Elk an easement and right of way for the purpose of constructing, using and maintaining an access road, location for surface equipment and subsurface gathering lines for each well drilled upon the Lands for two years from the date of commencement of surface activities for drilling operations and so long thereafter as oil and/or gas is produced or capable of being produced from any well drilled on the leased premises.

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

Executed this 31 day of August, 1988.

Hans L. Johnson

Maude E. Johnson

Hans L. Johnson

Maude E. Johnson

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