



## SURFACE DAMAGE AGREEMENT & RELEASE MULTIPLE WELL OPERATIONAL AREA

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Ten and More Dollars (\$10.00 +), paid to the undersigned by **PETROX RESOURCES CORPORATION**, (hereinafter called "Operator"), receipt of which is hereby acknowledged, Jim A. Lark and Gregoria S. Lark hereinafter called "OWNER" and their heirs, successors, and assigns, as the OWNER of the hereinafter described lands, do hereby release Operator, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands in Archuleta County, Colorado, resulting from the ingress and egress, drilling, completion, operation, maintenance and/or abandonment of wells situated upon and under the hereinafter described lands:

Township 33 North Range 5 West, N.M.P.M.  
Section 21: SW/4SW/4

Operator shall be allowed the use an area not to exceed three hundred (300) feet by three hundred (300) feet located approximately as shown by the plat attached as Exhibit "A" and operator shall use only such portions of the described lands as are reasonably necessary for drilling and completion operations.

OWNER releases Operator, its successors, agents and employees from any and all claims for damages for loss of growing crops on the hereinafter described lands resulting directly or indirectly from the drilling, completion, operation, maintenance and/or abandonment of wells drilled within the operational area as set out on Exhibit "A".

The consideration paid hereunder shall also compensate the OWNER for damages sustained or which may be sustained, as a direct or indirect result of the construction, maintenance and subsequent use of production facilities necessary for Operator, its successors, agents, and employees to properly conduct operations and maintenance activities associated with the wells located within the operational area. Operator shall conduct its operations in a manner which will cause the least practical interference with OWNER's use of the leased lands.

Operator agrees to repair all fences, build gates and maintain access roads and crossings in a manner which will allow OWNER to continue its use of the property in its current manner Upon the conclusion of drilling and completion operations, the operational area shall be reduced in size to the minimum necessary to allow for normal production operations and the remainder of the operational area will be reclaimed. Reclamation shall consist of grading disturbed areas to as closely as is reasonably possible to pre-existing grade. Rig anchors may be left in place, if identified in a manner which will avoid damage to OWNER's equipment. Restoration shall conform to the Colorado Oil and Gas Conservation Commission (COGCC) rules and regulations. Operator shall maintain disturbed areas and facilities free of weeds. Pumping equipment shall be fenced.

Operator, at its discretion, may use synthetic liners for any pits utilized; however, Operator must bury said liners upon final reclamation of the site.

Operator will comply with COGCC Rules concerning Noise Abatement and shall install hospital grade mufflers, buried in series, sound walls, and/or other devices as necessary.

The consideration due hereunder shall be payable prior to the commencement of drilling operations on the subject lands.

*Please return to:*  
FINNEY LTD CO.  
P.O. BOX 2471  
DURANGO, CO 81302



Surface Damage Agreement & Release  
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The consideration due hereunder shall be payable prior to the commencement of drilling operations on the subject lands.

Operator hereby agrees to indemnify and hold OWNER harmless from and against any and all expenses, losses or damages resulting from or relating to Operator's operation and maintenance of the wells, equipment, road and related activities on the property, provided however Operator does not indemnify OWNER for expenses, losses or damages resulting from OWNER's conduct on the Property.

OWNER hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by Rule 305.b of the COGCC rules and acknowledges that OWNER has received the brochure "Information for Oil and Gas Operators, Surface Owners and Surface Tenants" as per COGCC Rule 305.c(6),

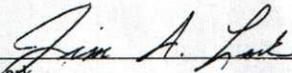
Surface OWNER agrees that the terms of this Agreement accommodate Owner's use of the property pursuant to Colorado Revised Statute 34-60-127. This Agreement shall serve as evidence that the consultation requirement of COGCC Rules 305 and 306 have been fulfilled.

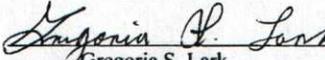
This Agreement shall be for as long as the above captioned wells are operated by Operator, its successors and assigns, and for a period of one year after the abandonment of any well during which time Operator shall have the right to remove all facilities and other fixtures installed pursuant to this agreement. Upon abandonment of all wells, Operator agrees to restore the surface of the lands to as closely as is reasonably possible to its condition prior to Operator's operations in accordance with COGCC Rules.

Petrox's rights under this Agreement shall be in addition to, and shall not diminish, any and all rights under its Oil and Gas Leases covering all or any portion of the Subject Property. The terms of this written Agreement and that certain Side Letter Agreement of even date shall constitute the full agreement between the parties hereto and no modification or amendment of this Agreement shall be effective unless made in writing and signed by the parties.

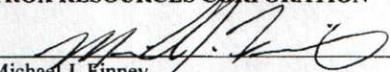
IN WITNESS WHEREOF, this Surface Damage Agreement and Release is voluntarily entered into and executed this 18th, day of November, 2007.

OWNER:

  
Jim A. Lark

  
Gregoria S. Lark

OPERATOR:  
PETROX RESOURCES CORPORATION

BY:   
Michael J. Finney  
Agent for Petrox Resources Corporation.



Surface Damage Agreement & Release  
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NOTARY PUBLIC

STATE OF COLORADO )  
 )ss.  
 COUNTY OF ARCHULETA )

The foregoing instrument was acknowledged before me this 18<sup>th</sup> day of November, 2007,  
 by Jim A. Lark and Gregoria S. Lark

Witness my hand and official seal.



Robert A. Hughes  
 Notary Public

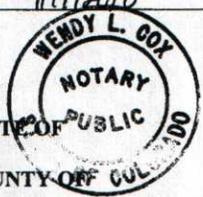
ACKNOWLEDGEMENT

STATE OF Colorado )  
 MY COMMISSION EXPIRES 01/30/2008  
 COUNTY OF La Plata )

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of November, 2007,  
 by Michael J. Finney  
 Witness my hand and official seal.

My Commission expires:  
11/9/2010

Wendy L. Cox  
 Notary Public



ACKNOWLEDGEMENT

STATE OF COLORADO )  
 )ss.  
 COUNTY OF GULF )

The foregoing instrument was acknowledged before me this \_\_\_ day of \_\_\_\_\_, 2007,  
 by \_\_\_\_\_  
 Witness my hand and official seal.

My Commission expires:  
 \_\_\_\_\_

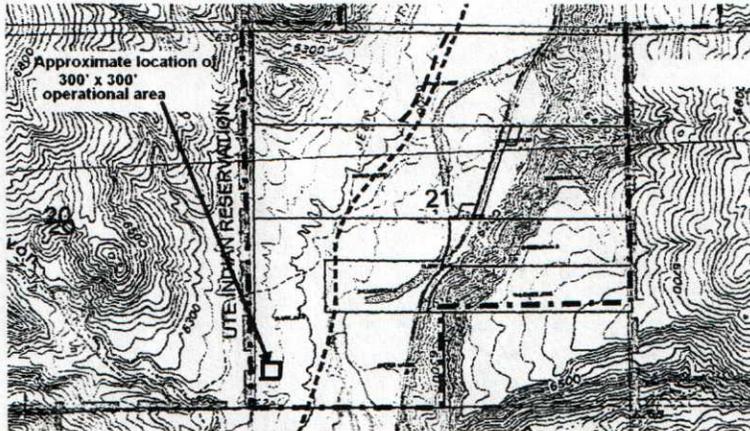
\_\_\_\_\_  
 Notary Public



EXHIBIT "A"

Attached to and made a part of that certain Surface Damage Agreement & Release dated November 18, 2007, by and between **Jim A. Lark and Gregoria S. Lark** (hereinafter called "Owner", whether one or more), and **PETROX RESOURCES CORPORATION**. (hereinafter called "Operator").

Township 33 North Range 5 West, N.M.P.M.  
 Section 21: SW/4  
 Archuleta County, Colorado



Signed for Identification:

OWNER:

Jim A. Lark  
 Jim A. Lark

PETROX RESOURCES CORPORATION

BY: Michael J. Finney  
 Michael J. Finney,  
 Agent for Petrox Resources Corporation.

Gregoria S. Lark  
 Gregoria S. Lark

## SIDE LETTER AGREEMENT

Made a part of that certain SURFACE DAMAGE AGREEMENT AND RELEASE MULTIPLE WELL OPERATIONAL AREA, that certain RIGHT-OF-WAY AGREEMENT and that certain ROAD USE AGREEMENT dated November 18, 2007 by and between between Jim A. Lark and Gregoria Lark (Grantor or Owner) and Petrox Resources Corporation (Petrox)

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300' x 300' (2.066 ac.) multil well operational area- **\$35,000.00**

The number of wells to be allowed under the aforementioned SURFACE DAMAGE AGREEMENT AND RELEASE MULTIPLE WELL OPERATIONAL AREA shall be two (2). In the event that Petrox, their successors or assigns drills additional wells, these shall be limited to the 300' by 300' multiple well operational area and Petrox shall pay to Grantor, their heirs or assigns an additional sum of \$10,000 for each additional well drilled within this area.

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Road access rights, for new road adjacent and parallel to pipeline right-of-way easements and for use of an existing access road as shown by Exhibit "A" to the Road Use Agreement - **\$12,500.00**

**The existing and new access roads as shown by Exhibit "A" of the Road Use Agreement shall be improved and/or constructed and maintained to the specifications set out below**

**A. Design Standards and Elements**

The road design standards and elements shall, as closely as is reasonably possible, meet the following requirements, unless otherwise agreed to by the parties.

- 1). Design speed of 15 mph.
- 2). Travel width shall be adequate to accommodate the Drilling/Completion rig equipment. This width is generally up to 18 feet plus widening for off tracking (curve widening) and turnouts. Turnout widths shall be 8 or 10 feet or as needed and shall be 50 to 100 feet in length. Turnout spacing shall be as needed for safety.
- 3). Drainage shall be provided for the entire road length. Culverts shall be used at drainage locations and for ditch relief. Culverts shall be designed and sized for an allowable head of one foot above the top of the pipe inlet.
- 4). A gravel surface shall be constructed for all weather access. The subgrade width must be wide enough to provide for side slopes on the surfacing and a 14-foot travel width. The gravel material will consist of six (6) inches of 4" minus road base.
- 5). All disturbed areas, including cut and fill slopes, shall be revegetated. The revegetation shall utilize a grass mix native to the area at 15 PLS/Acres.
- 6). A flag line shall be established over the entire route location for construction. On curves, flags shall be located at least every 100 feet, to define the final location of the road.
- 7). Erosion control measures and BMPs for road cut and fill slopes shall follow Petrox's Colorado Storm water permit.

**B. Road Maintenance**

Weather permitting, the operator shall, as closely as is reasonably possible, maintain all roads used in conjunction with operations as herein outlined:

- 1) Remove slides, boulders, fallen timber, overhanging brush, and other material obstructing safe road sight distance and travel.
  - 2) Keep drainage channels, ditches, culverts and bridges clear of debris and functioning as intended.
  - 3) Repair fences, gates, cattle guards, culverts, bridges and other structures as needed.
  - 4) Blade and shape surface and shoulders to maintain a suitable riding surface. Gravel or other selected surface material shall not be bladed off the surface of the road.
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Appx 3000' of pipeline R-O-W @ \$10,000.00 per acre for the permanent R-O-W = 2.066 ac. x \$10,000.00 = \$21,000.00 plus temporary use areas where necessary in the vicinity of existing drainages- \$1500.00 for total of **\$22,500.00**

The number of pipelines to be allowed under the RIGHT-OF-WAY AGREEMENT shall be two gas lines and one water line in two separate trenches which will lie within the thirty (30) foot permanent easement. The water line is to be installed in one or the other trench. In the event that additional gas lines are constructed they shall lie adjacent, parallel to and shall lie within this Right-Of-Way and Petrox agrees to pay to Grantor, their heirs or assigns \$10,000.00 per acre per additional gas line. Any additional water lines that may be necessary shall be included in this easement, shall accompany the additional gas line and shall lie within the same trench.

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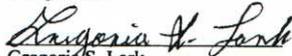
Total consideration paid under all aforementioned agreements as follows:

Multiple well operational area (2 wells)	\$35,000.00
Pipeline R-O-W	\$22,500.00
Use of existing access roads and easement for new access roads	\$12,500.00
<b>Total</b>	<b>\$70,000.00</b>

Owner/Grantors herein shall cooperate with Petrox, their successors or assigns in granting the necessary permits, waivers and other documentation which may be necessary during the permitting process for the State of Colorado, Archuleta County and whatever may be required by various federal entities for allowing well locations and other infrastructure to lie within the areas as set out in the aforementioned agreements.

SIGNED FOR IDENTIFICATION:

  
Jim A. Lark

  
Gregoria S. Lark

PETROX RESOURCES CORPORATION

By:   
Doug Joyce/Landman Associate  
Finney Land Co./Agent for Petrox Resources Corporation