

## SURFACE USE AGREEMENT



This Surface Use Agreement ("Agreement") is entered into and effective this 27<sup>th</sup> Day of November, 2004, by and between Fred W. Church a.k.a. Fred Wayne Church and Christel P. Church, husband and wife, whose mailing address is 229 South Vine Street, Otis, Colorado 80743 ("Surface Owner"), and Edward Mike Davis L.L.C., with an office located at 730 17<sup>th</sup> Street, Suite 450, Denver, Colorado 80202, covering the following described lands situated in Washington County, Colorado, to wit:

TOWNSHIP 3 SOUTH, RANGE 51 WEST, 6<sup>TH</sup> P.M.  
Section 25: E/2

Hereinafter referred to as the "Lands"

Whereas the undersigned desire to enter into this Agreement for the purpose of specifying the terms and conditions by which Edward Mike Davis L.L.C. may use a portion of the Lands for drillsite locations, roads, pipelines and the construction, operation and maintenance of a tank battery with the associated water discharge and evaporation ponds.

For and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees to the terms and provisions set forth below.

Surface owner hereby grants Edward Mike Davis L.L.C, its contractors, employees, agents, successors and assigns, a right-to-enter upon and use the lands of surface owner for the purpose of drilling, completing, producing and operating oil and gas wells together with the rights-of-way and easements across the lands of surface owner necessary to construct and maintain necessary access roads, well sites, pipelines, tank batteries and other such related facilities being necessary for Edward Mike Davis L.L.C oil and gas operations.

This agreement shall remain in full force and effect until the abandonment by Edward Mike Davis L.L.C, its successors and assigns, of all activities reasonably required for exploration, development, drilling and production of oil, gas and other hydrocarbons on the lands.

Edward Mike Davis L.L.C shall pay surface owner the sum of \$1,000.00 per location, as payment in full for total land damages per wellsite location for drilling, completing, producing and operating of any and all such new wells or any and all reentered wells drilled by Lessee and/or Lessee's assigns or designees under the terms of this lease. Payment of said \$1,000.00 per location shall be paid before actual drilling operations are commenced.

Edward Mike Davis L.L.C, its partners, employees and contractors shall exercise care for any and all crops growing on the Lands. Edward Mike Davis L.L.C shall also provide weed control and removal of all trash during all phases of operations.

Upon the abandonment of a wellsite or tank battery, all restoration work shall be completed at Edward Mike Davis L.L.C. cost and expense, and the wellsite and/or tank battery location(s) shall be restored to its original condition as is reasonably practical.

Edward Mike Davis L.L.C shall indemnify and hold Surface Owner harmless from and against any and all claims, charges, liabilities and/or damages caused by the negligence or the willful or intentional misconduct of Edward Mike Davis L.L.C or its officers, employees, agents or independent contractors arising out of Edward Mike Davis L.L.C. operations on the Surface Owner's lands.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.

Surface Owner:

Fred W. Church  
Fred W. Church

Christel P. Church  
Christel P. Church

STATE of Colorado

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of Washington

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 27<sup>th</sup> day of November, 200 4,  
personally appeared Fred W. Church a.k.a. Fred Wayne Church and Christel P. Church, husband and wife,

\_\_\_\_\_, to me known to be the  
identical person \_\_\_\_\_, described in and who executed the within and foregoing instrument of writing and acknowledged to me that t he y duly executed  
same as their free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: 10-15-2007

Scott Jay Elery  
Notary Public: Scott Jay Elery  
Address: 13363 Marion Street  
Thornton, Colorado  
80241

