

December 3, 2004

DEC 30 04

COGCC

Mr. Donald E. Dickinson
Fairview Land & Livestock
18141 Road 48
Sterling, CO 80751



RE: Surface Use Agreement
Dickinson #6, West Padroni Field
SESW Sec. 6-9N-52W
Logan County, Colorado

Dear Mr. Dickinson:

This letter, when signed and returned by you, shall constitute the entire agreement between you and Meritage Energy Partners, LLC with respect to the use of the surface of Fairview Land & Livestock in the SESW of Section 6, Township 9 North, Range 52 West, hereinafter referred to as "Said Land". In this Agreement, you will be referred to as "Owner" and Meritage Energy Partners, LLC will be referred to as "Operator."

It is hereby agreed as follows:

1. For and in consideration of the hereinafter specified payment to be made by Operator to Owner, and of Operator's obligations hereunder, Owner hereby grants to Operator the right for it, its agents, employees and contractors, and their agents and employees, to enter upon the surface of Said Land for the purpose of conducting oil and gas exploration, drilling, production and marketing activities on Said Land as are reasonably necessary in connection with such activities.
2. Operator and Owner have specifically consulted and agreed that a well to be known as the Dickinson #6 shall be drilled by Operator pursuant to this agreement as the following approximate location: 690' FSL, 2417' FWL Section 6. Access to the drillsite location may require the construction of a new road. The drillsite for the well shall require the leveling and building of a rectangular shaped drilling pad measuring approximately 250 feet by 250 feet. It is hereby agreed that Owner shall be paid a one time sum of Two Thousand Five Hundred Dollars (\$2500.00) as total compensation for all soil and earth disturbances, loss of pasture land and inconvenience caused by the drilling of the aforesaid well. Said amount shall be payable to Owner prior to Operator conducting operations other than staking the well.

1600 Broadway
Suite 1360
Denver, CO 80202-4913
ph: 720.932.0220
fax: 720.932.0224

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3. In the event the well is completed as a well capable of producing oil or gas in commercial quantities and in consideration of the above specified payment, Operator shall also have the right to install production facilities and pipelines convenient or necessary along or through said road and drillsite and along or through any presently existing roads on Said Land.
4. Upon the conclusion of the drilling operation by Operator on Said Land, Operator will haul all drilling mud, trash and debris to an approved or agreed upon disposal site, and shall fill and level the mud return pit. In the event such well is completed as a producer, Operator will reduce the drilling pad to an area not to exceed one acre for the permanent production pad. Upon final abandonment of operations on such drillsite, Operator will return the permanent production pad area to a reasonably level grade.
5. The compensation provided herein to be paid by Operator to Owner shall release and discharge Operator, its agents and employees, from all claims, losses, demands and causes of action for damage to land, loss of and damage to crops and use of land, hereafter arising as a result of Operator's operations on Said Land with respect to the drilling of the aforesaid well, except such damages or losses which are caused by the gross negligence of Operator, its agents and employees. Owner hereby represents that he is the owner of the surface of Said Land and that he has the full power and authority to enter into this agreement.
6. This agreement shall be for a term commencing on the date this agreement is accepted and agreed to by Owner, and terminating at the time said Operator, its successors and assigns, ceases to conduct operations on Said Land and has removed all of its equipment therefrom.
7. This agreement is not intended to be, nor shall be construed as, a release or waiver by Operator of its right to develop the mineral rights under the Said Lands.
8. This agreement shall be binding upon and shall be for the benefit of the parties hereto, their respective heirs, successors and assigns.

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If the foregoing meets with your approval, please so indicate by executing this letter in the space provided below and returning one copy to the undersigned at the letterhead address.

Sincerely,

MERITAGE ENERGY PARTNERS, LLC

By: 
Sam D. Winegrad, Manager

Agreed to and accepted this 6th day of December, 2004.

Fairview Land & Livestock

By: 
Donald E. Dickinson