

MEMORANDUM GIVING NOTICE OF
EXISTENCE OF ACCESS AND SURFACE USE AGREEMENT
(For Exploration and Development of Oil and Gas Leases)

This Agreement, made and entered into this 10th day of October 2003, by and between James D. Steele and Savannah J. Steele, 41001 ^{STATE HWY} County Road 139, P. O. Box 732, Rangely, Colorado 81648, referred to herein as "Owner", and ENCANA OIL & GAS (USA) INC., referred to herein as "ENCANA", with offices located at 950 17th Street, Suite 2600, Denver, CO 80202, Second Party, hereinafter referred to as "Operator";

Owner and Operator have entered into a Access and Surface Use Agreement effective as dated above (the " Agreement") covering the following lands in Rio Blanco County, Colorado (the "Lands"):

Township 4 South, Range 102 West, 6th P.M.

Section 25: SW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 26: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 35: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$

Foundation Creek #7403 - SE $\frac{1}{4}$ SE $\frac{1}{4}$ -Sec. 34-Township 4 South-Range 102 West

Foundation Creek #7407 - SW $\frac{1}{4}$ SE $\frac{1}{4}$ -Sec. 2-Township 4 South-Range 102 West

Foundation Creek #7417 - NW $\frac{1}{4}$ SW $\frac{1}{4}$ -Sec. 35-Township 4 South-Range 102 West

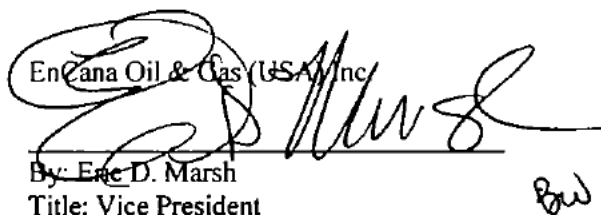
Foundation Creek #7421 - NW $\frac{1}{4}$ SE $\frac{1}{4}$ -Sec. 34-Township 4 South-Range 102 West

The Agreement grants Operator certain access and surface use rights on the Lands. This Memorandum is executed and placed of record for the purpose of giving notice of the existence of the Agreement.

This Memorandum is signed by the Parties as of the date of the acknowledgments below, but is effective for all purposes as of the Effective Date stated above.


James D. Steele


Savannah J. Steele


EnCana Oil & Gas (USA) Inc.
By: Eric D. Marsh
Title: Vice President

State of Colorado)
County of Colorado) §.

On this 13 day of November, 2003, before me personally appeared James D. Steele and Savannah J. Steele, known to me to be the persons described in and who executed the foregoing instrument, and who acknowledged to me that they executed the same as their free and voluntary act and deed.

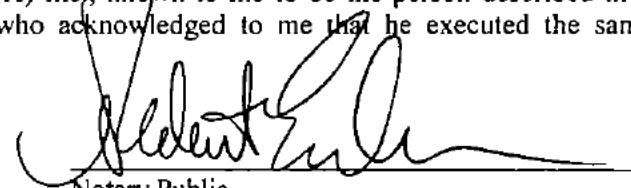
My commission expires: 12/14/03


Notary Public

State of Colorado)
County of Denver) §.

On this 1st day of December, 2003, before me personally appeared Eric D. Marsh, as the Vice President of EnCana Oil & Gas (USA) Inc, known to me to be the person described in and who executed the foregoing instrument, and who acknowledged to me that he executed the same as his voluntary act and deed.

My commission expires: 12/14/03


Notary Public

ACCESS AND SURFACE USE AGREEMENT

This agreement is made and entered into as of the 10th day of October 2003, by and between **James D. Steele and Savannah J. Steele**, 41001 ~~County Road~~ ^{STATE HWY} 139, P. O. Box 732, Rangely, Colorado 81648, referred to herein as "STEELE," and **ENCANA OIL & GAS (USA) INC.**, referred to herein as "ENCANA," with offices located at 950 17th Street, Suite 2600, Denver, CO 80202.

RECITALS

- A. STEELE the owner of the surface of certain lands (referred to herein as "Fee Lands") located in Rio Blanco County, Colorado, to wit:

Township 4 South, Range 102 West, 6th P.M.

Section 25: SW $\frac{1}{4}$ NW $\frac{1}{4}$

Section 26: SE $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$

Section 35: E $\frac{1}{2}$, E $\frac{1}{2}$ NW $\frac{1}{4}$

- B. ENCANA is the lessee of certain oil and gas leases, which are located in the general vicinity of the Fee Lands.
- C. ENCANA desires to obtain access through the Fee Lands and other surface use as herein limited and defined to conduct production operations for the following wells (referred to herein as the "Wells"):

Foundation Creek #7403 – SE $\frac{1}{4}$ SE $\frac{1}{4}$ -Sec. 34-Township 4 South-Range 102 West

Foundation Creek #7407 – SW $\frac{1}{4}$ SE $\frac{1}{4}$ -Sec. 2-Township 4 South-Range 102 West

Foundation Creek #7417 – NW $\frac{1}{4}$ SW $\frac{1}{4}$ -Sec. 35-Township 4 South-Range 102 West

Foundation Creek #7421 – NW $\frac{1}{4}$ SE $\frac{1}{4}$ -Sec. 34-Township 4 South-Range 102 West

Rio Blanco County, Colorado.

- D. The parties desire to evidence their Agreement with respect to certain matters related to such access.

IT IS AGREED AS FOLLOWS:

1. STEELE does hereby grant ENCANA, its personnel, agents, contractors, and subcontractors (including "Turn Key" operators) access to the Fee Lands for the term of this Agreement for the purpose of conducting production operations on the Wells and subject to the provisions of this Agreement.
2. The Access herein granted to ENCANA, its personnel, agents, contractors, and subcontractors (including "Turn Key" operators) shall be limited to use of the currently existing road which enters the Fee Lands from State Highway 139 at a point in the N $\frac{1}{2}$ of Section 25, Township 4 South, Range 102 West, 6th P.M. ENCANA agrees to maintain the road and the cattle guards and gates. Noxious weeds will be controlled during the production of the Wells. If necessary, steel culverts will be installed and gravel laid at points mutually agreed to by STEELE and ENCANA. No vehicle shall be permitted to

travel in excess of twenty (20) miles per hour on said road. ENCANA agrees that no vehicle or equipment of any kind will be operated or parked off the designated roadways on the Fee Lands. This provision shall apply to ENCANA personnel, its agents, contractors, subcontractors (including "Turn Key" operators). STEELE shall have the unrestricted right to use such road and to authorize other persons, firms or entities to use such road. The use of such road by ENCANA shall be limited to ENCANA and its authorized representatives, contractors, and subcontractors and shall be limited to business purposes. ENCANA shall be responsible for all of ENCANA's authorized persons using such road and shall be responsible for any damage occasioned by such use, whether damage occurs through the acts of ENCANA, its personnel, agents, contractors or subcontractors (including "Turn Key" operators). All of such use shall be in accordance with acceptable safety and conservation practices. ENCANA SHALL NOT have the right to grant any additional access or use of such road.

3. ENCANA shall have the right to assign its rights under this Agreement to any assignee; PROVIDED, HOWEVER, that before any such assignment shall become effective, each and every assignee shall first assume the obligations of ENCANA under this Agreement and agree in writing to be bound by the terms and provisions of this Agreement. The rights of STEELE shall be freely assignable. STEELE shall notify ENCANA of any change of surface ownership.
4. ENCANA agrees to defend, indemnify and save STEELE harmless of and from all claims and demands of whatsoever nature arising from or connected with the operations of ENCANA, its personnel, agents, contractors or subcontractors (including "Turn Key" operators) on the Fee Lands. STEELE agrees to defend, indemnify and save ENCANA harmless from all claims and demands of whatsoever nature arising from or in any way connected to the operations of STEELE, their personnel, agents, contractors, subcontractors, permittees and invitees.
5. As consideration for this Agreement, and during the entire term of this Agreement, ENCANA agrees to pay the STEELE's the following:
 - a. [REDACTED].
 - b. On or before the anniversary date of this Agreement and on each subsequent anniversary, the sum of [REDACTED] per Well that has not been abandoned.

If ENCANA abandons a Well and ceases production therefrom, no further payments for such well shall be due after ENCANA notifies STEELE in writing that it has ceased production and abandoned said well.

6. This Agreement shall continue in effect so long as production operations for the Wells are carried on, unless the same is terminated as provided in this Agreement.
7. If ENCANA shall fail to make any payment herein specified or shall fail to perform any of its other covenants as set forth in this Agreement, STEELE shall give written notice of default to ENCANA setting forth the default complained of. Unless the default specified

in such notice is remedied within sixty (60) days after such notice is given, this Agreement shall terminate insofar as ENCANA's rights are concerned and all access and surface use of ENCANA shall thereupon terminate and be of no further force and effect and its use of the roadway shall be deemed a trespass insofar as it pertains to the Wells. Any such termination shall not prevent STEELE from recovering damages occurring by reason of ENCANA's failure to perform its covenants as set forth in this Agreement and to collect all amounts due under the provisions of this Agreement. This termination provision shall not apply in the event that ENCANA is restricted by events beyond its reasonable control or by a local, state or federal regulatory agency from remedying the default within the 60-day time period.

8. If either party shall be required to commence legal proceedings against the other party to enforce the provisions of this Agreement, the non-prevailing party agrees to pay all cost of such proceedings, including a reasonable attorney's fee.

9. Any notice to be given hereunder may be given by mailing the same by registered or certified mail, return receipt requested, addressed to the parties at the following addresses:

James D. Steele and Savannah J. Steele
P.O. Box 732
Rangely, Colorado 81648

Encana Oil & Gas (USA) Inc.
Attn: North Piceance Land Department
950 17th Street, Suite 2600
Denver, CO 80202

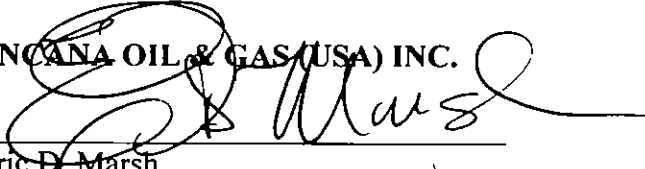
10. All operations of ENCANA shall be conducted in a manner so as not to unreasonably interfere with STEELE's use of the Fee Lands. Without limiting the generality of the foregoing provisions, ENCANA, its agents, contractors and subcontractors (including "Turn Key" operators) shall not do or permit to be done any of the following:

- a. No hunting or camping shall be permitted on Fee Lands;
- b. Personnel shall not bring any dogs, horses or other animals upon the Fee Lands in vehicles or otherwise;
- c. No firearms shall be brought upon the Fee Lands in vehicles or otherwise;
- d. No vehicles or equipment shall be parked on the Fee Lands, and care must be taken to not block the designated roadways;
- e. Personnel employed by ENCANA, its agents, contractors and subcontractors (including "Turn Key" operators) shall not drive or wander off the designated roads and are not permitted to use any roads on the Fee Lands except the designated roadway;

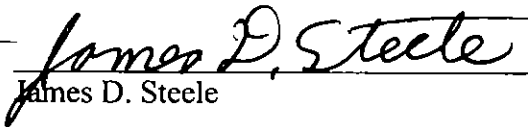
- f. Personnel employed by ENCANA, its agents, contractors and subcontractors (including "Turn Key" operators) shall not throw trash, cans or bottles along the roadway or around the well sites. Any trash, cans or bottles found in the area shall be removed by ENCANA immediately after drilling and completion of the Wells and each year thereafter; and
- g. Personnel shall not bring any drugs or alcohol upon the Fee Lands.
11. Subject to the foregoing provisions, this Agreement shall be binding upon the successors and assigns of ENCANA and shall be binding upon and inure to the benefit of the heirs, personal representatives and assigns of STEELE.
12. **STEELE and ENCANA agree to keep the terms and conditions of this Agreement confidential.** STEELE and ENCANA agree that this Agreement will not be placed of record by either party without the prior written permission of the other. The parties agree to execute a Memorandum that EnCana will place of record giving public notice of this Agreement.

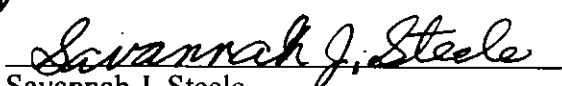
IN WITNESS WHEREOF, the parties hereto have executed this Access and Surface Use Agreement as of the day and year first above written.

ENCANA OIL & GAS (USA) INC.


Eric D. Marsh
Vice President

BW


James D. Steele


Savannah J. Steele



ENCANA™

EnCana Oil & Gas (USA) Inc.

US Bank Tower
950 17th Street
Suite 2600
Denver CO 80202

tel: (303) 623-2300
fax: (303) 623-2400
www.encana.com

December 22, 2003

Rio Blanco County Clerk & Recorder
P.O. Box 1067
Meeker, CO 81641

Re: Recordation of document
Douglas Creek South Prospect

Ladies and Gentlemen:

Enclosed please find an originally executed document referenced below which we would like to have placed of record.

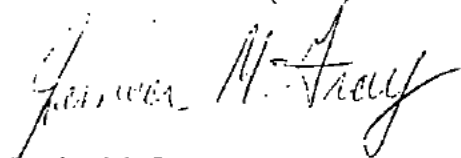
1. Memorandum Giving Notice of Existence of Access and Surface Use Agreement dated 10/10/03 by and between James D. Steele and Savannah J. Steele

Also enclosed is our check in the amount [REDACTED]. If additional fees are required, please notify us and we will mail another check immediately.

Thank you for your assistance in this matter, and should you have any questions, please call me at 720-956-3594.

Sincerely,

EnCana Oil & Gas (USA) Inc



Jessica M. Gray
Administrative Assistant
Land Administration

Enclosures



CHEQUE REQUISITION

CHEQUE PAYABLE TO:

RIO BLANCO COUNTY Clerk & Recorder	ORIGINATING OFFICE: DENVER, COLORADO
P.O. Box 1067	DATE PREPARED: 12/16/03
MEEKER, CO 81641	DATE REQUIRED: next check run
Phone: 970-878-5068	RETURN CHEQUE TO: Jessica M. Gray
	Phone: 720-956-3594
AMOUNT: [REDACTED]	(DOCUMENTS TO BE SENT WITH CHEQUE MUST BE ATTACHED)

REMITTANCE MESSAGE:

This message (maximum 25 characters) will appear on the cheque stub.

EXPLANATION:

Recordation of documents: Memorandum Giving Notice of Existence of Access and Surface Use Agreement – dated 10/10/03 by and between James D. Steele and Savannah J. Steele and EnCana Oil & Gas (USA) Inc.
Charge to: Douglas Creek South #10365

**DESCRIPTION OF CODING:
OR CODING (IF KNOWN)**

ACCOUNT NO.	CENTRE NO.	AFE NO.	ROC NO.	AMOUNT
820.060				
			GST ACCT NO	AMOUNT
			TOTAL	

REQUESTED BY:
Jessica M. Gray

APPROVED BY:

Sandra Jackson

ENCANA

EnCana Oil & Gas (USA) Inc.

950 17TH STREET, SUITE 2600 (303) 623-2300
DENVER, CO 80202

CITIBANK


NEW YORK, NY 10043
1-8/210No **47674**

PRODUCTION ACCOUNT

PAY
EXACTLY

VOID IF NOT PRESENTED FOR PAYMENT WITHIN 90 DAYS

CHECK NUMBER	DATE	PAY EXACTLY
47674	Dec-18-2003	

TO
THE
ORDER
OFRIO BLANCO COUNTY CLERK & RECORDER
PO BOX 1067
MEEKER, CO 81641

 AUTHORIZED SIGNATURE

⑈047674⑈ ⑆021000089⑆ ⑈30430896⑈

ENCANAEnCana Oil & Gas (USA) Inc.
950 17TH STREET, SUITE 2600 (303) 623-2300
DENVER, CO 80202

Page 1 of 1

VENDOR NAME	VENDOR NO.	CHECK DATE	CHECK NUMBER	AMOUNT
RIO BLANCO COUNTY CLERK & RECORDER	25169	Dec-18-2003	47674	

VOUCHER	VENDOR INV #	INV DATE	TOTAL AMOUNT	PRIOR PMTS & DISCOUNTS	A
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12-AP-68961	121603	12/16/03		0.00	
Giving Notice of Existence of Access					
TOTAL INVOICES PAID					



REQUEST FORM FOR:
DOCUMENT RECORDINGS / APPROVALS

DATE: 12/8/03
NAME: BOB WEAVER
EXT: #3513

☒ COUNTY RECORDING Rio Blanco
Name of County & State
☐ BLM APPROVAL (state) _____
☐ State Approval (state) _____
☐ BIA _____

TYPE OF CHARGEABILITY
PROSPECT NAME & CODE
WELL NAME & CODE

G & A Douglas Creek South 10365

☒ RETURN TO EDITH BAYAN
☐ FILE
Well file # _____
Lease File # ✓
Other ~~Contract~~ New
☐ OTHER _____

SPECIAL INSTRUCTIONS

ENCANA™

October 29, 2003

Mr. James D. Steele
P.O. Box 732
Rangely, CO 81648-0732

EnCana Oil & Gas (USA) Inc.
950 17th Street
Suite 2600
Denver CO USA 80202

tel: (303) 623-2300
fax: (303) 623-2400

www.encana.com

Re: Notification of Well Operations
Rio Blanco County, Colorado

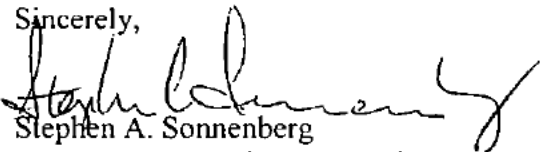
Dear Mr. Steele,

As per our recent phone conversation, please accept this letter as an agreement that EnCana Oil & Gas (USA) Inc. will use its best efforts to contact you, at the address above or by phone at 970-629-0103, seven (7) days prior to the commencement of any operations on the wells attached hereto as Exhibit "A". Please acknowledge your acceptance of this agreement by signing this original letter and returning to me in the enclosed stamped envelope. The second "copy" is for your files.

970-675-7826
2 way-radio

If you have any questions or comments regarding this agreement, please feel free to call me at 720-956-3666.


Sincerely,


Stephen A. Sonnenberg
Team Leader N. Piceance Basin

cc: Fred Slagle, Rangely Field Office
Kelvin Edsall

Accepted and agreed to this 10 day of November, 2003.


James D. Steele


Savannah J. Steele

COPY

Wells in Big And Little Foundation

Well #	Old Number	Legals
7429	new well	SW/NW Sec. 25, T4S, R102W
7432	new well	NW/NE, Sec. 26, T4S, R102W
7433	new well	NE/SE, Sec. 26, T4S, R102W
7435	new well	NE/NE, Sec. 35, T4S, R102W
7403	Govt. 9-34	SE/NW Sec. 34, T4S, R102W
7407	Fed 5-2	SW/SE Sec. 2, T5S, R102W
7411	Steele 1-26	SE/SE Sec. 26, T4S, R102W
7412	Steele 9-35	SE/NE Sec. 35, T4S, R102W
7413	Steele 1M-35	SE/SE Sec. 35, T4S, R102W
7414	Steele 9-26	SE/NE Sec. 26, T4S, R102W
7415	Steele 1-35	NE/NW Sec. 35, T4S, R102W
7416	Steele 11-35	SE/NW Sec. 35, T4S, R102W
7417	Kirby Robertson 5-35	NW/SW Sec. 35, T4S, R102W
7421	Kirby Robertson 7-34	NW/SE Sec. 34, T4S, R102W

EnCana memorandum

memo:

To: Edith Bryan

From: Bob Weaver

cc:

Date: 11-21-03

Re: Steele Notification

Edith,

I think that this will need a new contract number and cross referenced against each well on the exhibit.
I have given a copy to Fred Slagle and Kelvin Edsall.

Bob

