

field



SURFACE DAMAGE AGREEMENT

THIS SURFACE DAMAGE AGREEMENT (this "Agreement") is entered into this ¹⁹15th day of January, 2009, by and between Eugene V. and Ruth E. Stone, 23500 County Road 32.5, Wray, Colorado 80758, ("Owner"), the owner of the surface estate in the E1/2, of Section 26, Township 1 North, Range 45 West, 6th P.M. (the "Property"), and Petroleum Development Corporation ("PDC").

For and in consideration of PDC's agreement to pay Owner prior to commencing the Operations referred to below, if it determines to conduct such Operations, the sum of Two Thousand Five Hundred Dollars (\$2,500.00) (the "Surface Damage Payment") per 1.5 acre drill site location with access, Owner hereby releases and discharges PDC, its agents, employees and contractors (the "PDC Group") from and against any claims by Owner for surface damages of whatsoever nature and character growing out of, incident to, or in connection with the drilling and completing by the PDC Group within the 1.5 acre with access for the following oil and gas well (the "Well") or the plugging and abandoning such Well as a dry hole (the "Operations"):

Well Name: STONE # 32-26

Legal Location: Township 1 North, Range 45 West, 6th P.M.
E1/2, Section 26
Yuma County, Colorado

Subject to receipt of the Surface Damage Payment, Owner hereby gives, grants and conveys unto the PDC Group, the right to use the Property for all purposes necessary for the PDC Group to perform the Operations and all rights incident and appurtenant thereto, including the right of unimpeded ingress and egress across the Property to access the Well.

The Surface Damage Payment shall not compensate Owner for damages to crops or improvements on Owner's land, including, without limitation, damages to buildings, fences, gates and livestock, and other extraordinary losses or damages caused by the PDC Group. PDC agrees to compensate Owner promptly for such extraordinary losses and damages upon mutually agreeable terms.

Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops or surface improvements which could be affected by the Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other party having an interest, resulting from the Operations shall be settled by Owner and Owner shall indemnify and hold the PDC Group harmless from and against any such claims.

PDC agrees to perform all necessary interim reclamation work so the land affected by the Operations is restored as nearly as commercially practicable to the original contour and vegetative state.

Concerning any matter relating to the Operations, Owner may contact:

Operator: Petroleum Development Corporation
Person to Contact: Seth Chappell
Address: 36621 Highway 385
Wray, Colorado 80758
Phone Number: 970 332-3520
Fax: 970 332-3521

Or

Petroleum Development Corporation
1775 Sherman St., #3000
Denver, CO 80203
Phone Number: (303) 860- 5800

Commencement of the Operations with heavy equipment is estimated to begin on February 2, 2009. Owner acknowledges that he/she has received COGCC brochures which describes the notification, consultation and reclamation rules for surface owners and surface tenants. Owner hereby waives the requirement that it be given notice by PDC of the proposed Operations at least thirty (30) days (or if the Well is to be drilled on irrigated crop lands between March 1 and October 31 at least fourteen (14) days) prior to PDC's estimated commencement date.

Owner acknowledges that it has consulted with PDC as to the location of roads and the necessary production facilities and the location and size of the well site for the Well, or hereby waives such consultation requirements. Owner also acknowledges that Owner had an opportunity to comment to PDC regarding preferences for the timing of the Operations and preferred locations for the Well and associated facilities. Owner expressly acknowledges and agrees that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligation of PDC to accommodate Owner's use of the surface of the described lands, existing or future, and waives any statutory or common law claims to the contrary. Owner has requested that all consultations be conducted directly with Owner.

VARIATIONS AS FOLLOWS:

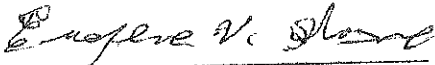
The parties further agree as follows:

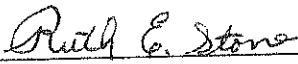
- All gates will be drop gates, 4 wire with stays, unless otherwise specified
- All fence around re-seeded area will be three wires
- Top soil will be removed and stored away from overburden
- Pits will be fenced off when cattle are in the pasture.
- Bring water line East, place water tank & meter shed in AREA where 5 other meter sheds ARE located.
- Wheat & "love grass" mixture

This Agreement shall extend to and bind Owner and PDC, and their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date referred to above.

OWNER:


Eugene V. Stone


Ruth E. Stone

Petroleum Development Corporation

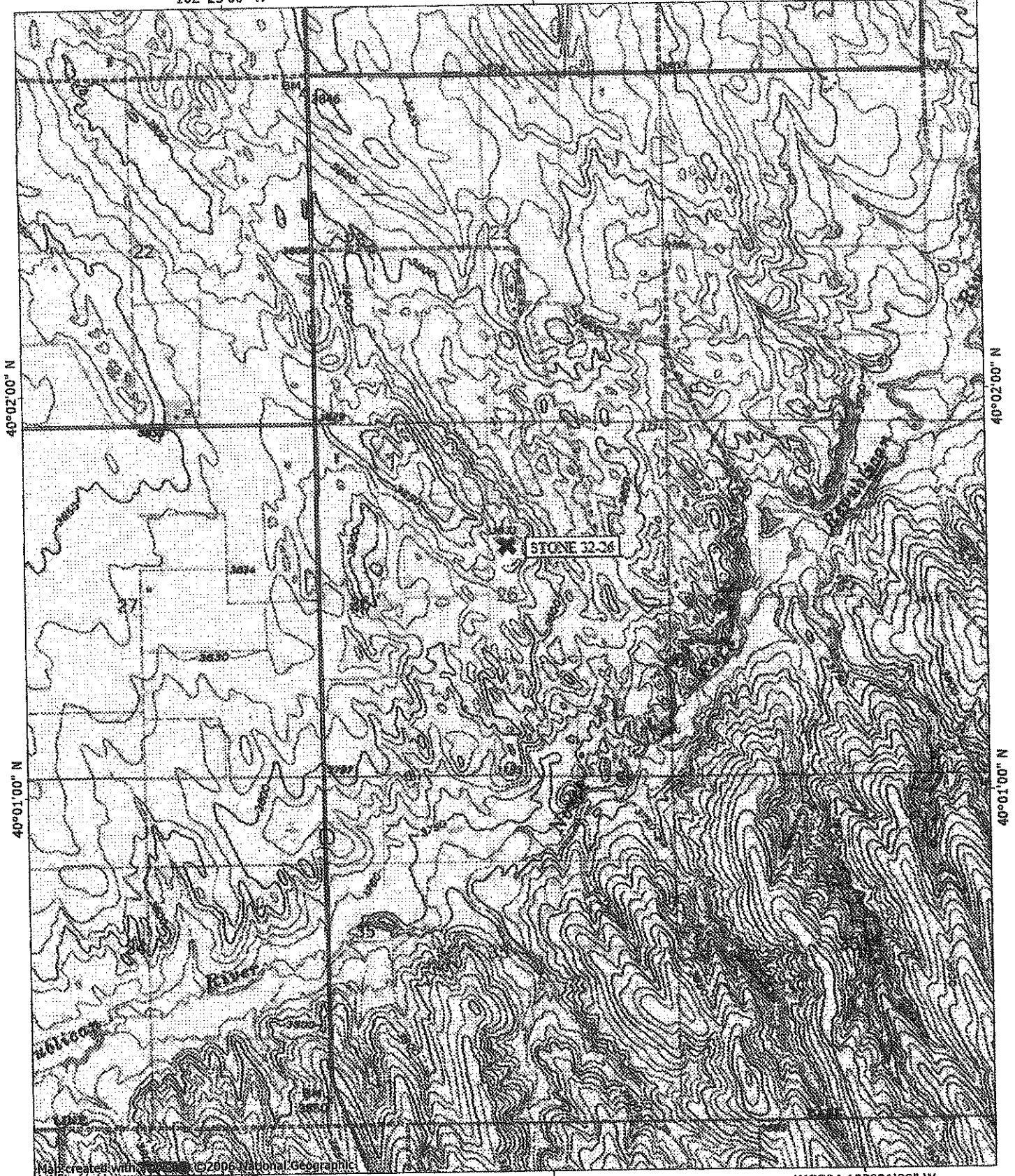

By: Warren Dunlap (Agent)

TOPO! map printed on 12/22/08 from "Untitled.tpo"

102°23'00" W

102°22'00" W

WGS84 102°21'00" W



Map created with TOPO! National Geographic



0.0 0.5 miles
0.0 0.5 1.0 km

TN MN
8°
12/22/08

FOUND 2-1/2" AC
P.L.S. # 19585

R 45 W
S 89°14'40" E 5286.41'

FENCE
CORNER

BASIS OF BEARINGS:
THE WEST LINE OF SECTION 26, AS SHOWN HEREON.

ROAD Z

N 00°06'00" W 5295.07'

N.A.D. 83
LAT=40.02687°N
LON=102.36863°W
PDOP=3.27
G.P.S. OPERATOR = S. DEMANCHE

SW NE

2405'

26

S 00°25'10" W 5335.80'

T 1 N

FOUND
3/4" REBAR

N 88°47'40" W 5238.79'

FENCE
CORNER



SCALE 1"=1000'

Power Surveying Co., Inc. of Frederick, Colorado has in accordance
with a request from WARREN DUNLAP for PETROLEUM DEVELOPMENT CORP.
determined the location of STONE 32-26
to be 1880' FNL & 2405' FEL Section 26, Township 1 NORTH
Range 45 WEST of the Sixth Principal Meridian,
YUMA County, COLORADO

LOCATION NOTES

LOCATION FALLS IN: NATURAL GROUND

IMPROVEMENTS: NONE WITHIN 200' OF LOCATION

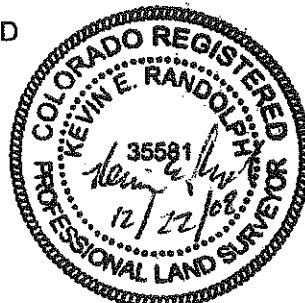
ELEVATION DETERMINED FROM NAVD 1988 DATUM.
GROUND ELEVATION = 3829'

DISTANCES AND BEARINGS ARE FIELD MEASURED
UNLESS OTHERWISE NOTED.

LEGEND

● SECTION CORNER (AS NOTED)

▼ PROPOSED WELL LOCATION



7809 MILLER DRIVE, UNIT C
FREDERICK, COLORADO 80504

PH. 303-702-1617
FAX. 303-702-1488
WWW.POWERSURVEYING.COM

Kevin E. Randolph
COLORADO P.L.S. #35581

FIELD DATE: 12-17-08 WO# 501-08-883
DATE OF COMPLETION: 12-22-08