

SURFACE AND DAMAGE AGREEMENT

This Agreement, made and entered into this 9th day of March, 2004, by and between **James L. Rose**, 7665 County Road 319, Rifle, CO 81650, First Party, hereinafter referred to as "**Owner**" and **EnCana Oil & Gas (USA) Inc.**, Second Party, hereinafter referred to as "**Operator**".

WITNESSETH:

For and in consideration of the covenants and agreements herein contained, and other good and valuable consideration, the parties hereto agree:

1. The Operator intends to build a well site location in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 22, Township 7 South, Range 93 West, 6th P.M., Garfield County, Colorado from which one or more wells will be drilled from the well pad to be known as Well Site A-22W.
2. That in order for Operator to enter upon and erect this proposed well site, it is necessary that they cross and/or use certain property of Owner and the parties hereby agree as to damages, entry and surface use thereof.
3. Owner hereby gives, grants and conveys unto Operator, its agents, employees and assigns, a right to enter upon and use the property of Owner for the purpose of erecting and maintaining a well site location for one or more wells, building an access road to the location, and installing a pipeline from the wells to Operator's gathering line. In addition, Owner hereby grants and conveys to Operator a right-of-way and easement on the land of the Owner to build and maintain the well site, road, pipeline, and any other such related facilities being necessary for the Operator's complete enjoyment of rights.
4. Operator agrees to pay Owner, in advance, the sum of \$18,480.00 for damages resulting from the construction, use and maintenance of the proposed well site, comprising of 6.16 acres, road access and pipeline installation on said well site. If Operator elects to extend a well site to accommodate additional wells, Operator shall pay Owner, prior to conducting operations to extend or build a well pad, \$3,000.00 per additional acre for surface disturbance.
5. The rights granted herein shall be possessed and enjoyed by Operator, its successors and assigns, so long as the well site and appurtenances constructed pursuant hereto shall be maintained and operated by Operator, its successors or assigns.
6. The Operator shall have the right of ingress and egress to and from the premises for any and all purposes necessary or convenient to the exercise by Operator of the rights granted herein.
7. Operator agrees to bury all pipelines to a depth that is sufficient to avoid interference with operations of the Owner. Operator further agrees to pay any and all damages that may arise from the construction, maintenance and operation of such well site.

8. The rights granted herein shall be assignable together or separately and in whole or in part.
9. Operator agrees to compensate Owner for extraordinary loss or damages caused by Operator, its agents or employees to its property or livestock, and that of its surface lessee, if any. Payments herein provided are acknowledged by Owner sufficient and in full for damages caused or created by reason of the reasonable and customary entry, and subsequent operation of said well site.
10. In the event of any breach of this contract, the prevailing party shall be entitled to recover reasonable costs and attorney fees.
11. Notice by either party hereto shall be promptly given, orally, if possible, and immediately mailed to:

OWNER: James L. Rose
7665 County Road 319
Rifle, CO 81650

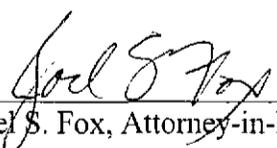
OPERATOR: EnCana Oil & Gas (USA) Inc.
950 17th Street,
Suite 2600
Denver, CO 80202

This agreement shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

In witness whereof the parties have executed this agreement the day and year first above written.

OWNER: 
James L. Rose

OPERATOR: EnCana Oil & Gas (USA) Inc.

By:  
Joel S. Fox, Attorney-in-Fact

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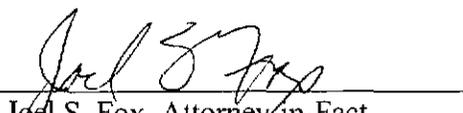
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OWNER: ✓ 
James L. Rose

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Joel S. Fox, Attorney-in-Fact 

