

SURFACE DAMAGE, ACCESS AND EASEMENT AGREEMENT

AGREEMENT, made and entered into this 4th day of ~~August~~ 2010 "Lazy D Grazing Association", whose address is 14503 WCR 108, Nunn, Colorado 80648 (hereinafter called "Owner"), and Slawson Exploration Company, Inc, 1675 Broadway Suite 1600, Denver, Colorado 80202 (hereinafter "Operator"), in consideration of \$10.00 cash in hand paid to Owner by Operator, the mutual covenants contained herein, and other good and valuable consideration as follows:

1. Operator will pay you a one time payment, as damages for the location and road, the sum of \$4,000 per acre surface and road location. A check in that amount will be issued to you prior to the construction of the location. This offer is intended to compensate you for lost land value and lost value of any improvements caused by the location and any surface facilities ultimately placed on your land.

2. As provided in the Agreement, OPERATOR is required to provide Exhibit C's indicating the location of well sites, roads, and pipelines as the oil and gas development occurs and to provide updated or "as-built" Exhibit C's as future development occurs. It is the parties' intent that said Exhibit C shall consist of multiple Exhibit C's and will be numbered consecutively as C-1, C-2, C-3, etc. OPERATOR shall supplement and provide the Exhibit C's to OWNER prior to engaging in development activity on the SUBJECT LANDS.

3. Owner hereby grants Operator, for the life of the well and spacing unit formed which includes Sections listed in Exhibit A from this date forward, the right to locate in Exhibit A, Weld County, Colorado, hereinafter referred to as "the Property", an access road, well site and production facilities for the drilling, completion, production and abandonment of an oil and gas well on sections listed in Exhibit A together with the right of ingress and egress to and from the well(s) and associated facilities and any easements or rights of way necessary to drill a well. Upon abandonment by Operator, this agreement shall terminate and this agreement shall become null and void.

4. The Surface Owner or his agent shall be notified any time equipment or personnel enter the Property for construction, maintenance of well or pipelines, or other work associated with the well or pipelines. This will not include the daily single vehicle traffic necessary for routine checks or maintenance on wells. No heavy equipment will enter the Property nor will construction be performed when adverse weather conditions are present that will cause undue damage to the surface of the leased premises without the prior consent of Surface Owner.

5. Owner acknowledges receipt of written notice in conformity with any and all applicable statutes and regulations of the well location, proposed spud date, nature and extent of drilling, activities, access route and their right to compensation for damage to the surface.

6. Operator shall be liable for any damage to the Property in excess of ordinary damage to the Property or injury to Owner's livestock caused by the operations of Operator, its agents, employees, contractors and subcontractors on said Property. Operator shall also be responsible for any damages caused by Operator's operations described herein and diminishment in quality or quantity of Owner's water well in the vicinity of the location. In the event such excess damage or injury is a direct result of Operator's activities, Operator will pay reasonable compensation for such loss to Owner or his assigns.

7. Operator agrees to defend, indemnify and hold Surface Owner harmless from any and all third party claims, demands or judgments connected with Operator's use of the Property.

8. Owner hereby grants Operator a Non-Exclusive Right-Of-Way and the right to construct, maintain, repair, replace and remove pipeline(s) in and around the location and production facilities or on the property described herein, necessary for Operator's operations, in conjunction with drilling, development, and production of oil and/or gas and water production and/or disposal from the well described herein and other wells. Owner grants the Operator the right to transport products from this well and other wells on the Right-Of-Way here granted. Operator shall pay Owner \$4,000 per acre one-time payment per line prior to commencement of dirt work to build each pipeline.

9. Operator may build power lines either above ground or buried as needed but preferably along the road in conjunction with drilling, development, and production of oil and/or

gas from the well described herein and other wells. The power line may be part of a larger power line system. Operator shall pay owner: \$4,000 per acre one-time payment per line.

10. Operator agrees to fence well site and battery locations and provide adequate cattle guards so Owner's ranching and farming operations are not impeded.

11. During drilling and construction the ROW to well site will be marked with a single strand of wire or string and also clearly marked with signage.

12. Operator agrees that Owner has the right, but not the obligation, to take over any wells Operator may elect to abandon and convert them to water wells. Owner will assume all liability for the wells thereafter. Operator shall assign all rights in said water and water well to Owner and executed all other necessary documents in order to provide said wells to Owner.

13. This agreement shall inure to the benefit of and be binding on the parties hereto, their heirs, successors and assigns.

14. Upon final abandonment of the wells and spacing unit for Sections listed in Exhibit A, the access road, well site, facility site shall be restored to as near as practical to the original ground contour(s). All disturbed surfaces will be re-seeded as per the owner's specifications and the location will be fenced as per the owner's specifications.

15. Operator agrees to abide by the Lazy D Ranch Rules set forth in Exhibit B.

16. Operator agrees to remove all drilling fluids, cuttings, and mud from Owners lands, not disposing of them at the well site, either through burial or spreading.

17. This instrument may be executed in any number of counterparts, no one of which needs to be executed by all parties, and shall be binding upon all parties who have executed such a counterpart, with the same force and effect as if all parties had signed the same agreement.

Operator:
Slawson Exploration Company, Inc.


R. Todd Slawson, Chief Operating Officer

Owner:

Lazy D Grazing Association 84-0541660 8-4-10
Taxpayer ID Date

By: Ron Kreps 8-4-10
Ron Kreps, President Date

By: Arvid Deporter 8-4-10
Arvid Deporter, Secretary Date

Exhibit “A”

This Exhibit A is attached to and , by this reference, made a part of that certain SURFACE USE DAMAGE AGREEMENT by and between Lazy D Grazing Association(“OWNER”) and Slawson Exploration Company, Inc. (“OPERATOR”)

Township 11 North Range 66 West of the P.M.
Section 16 All

Exhibit "B"

LAZY D RANCH RULES

The Lazy D has adopted the following guidelines for working on Lazy D Property. The Lazy D is a working Cattle Ranch in an active oil drilling area.

(Company) and its contractors, representatives, consultants, employees and partners have agreed to follow the following Rules as set up by the Lazy D Ranch:

1. Company will respect Land Owners property, animals, and opinion at all times. Lazy D will respect Company rights and Opinion.
2. Company will stay on designated roads at all times.
 - a. This means do not pull off the road to pass or let someone else pass back up until there is a turn around.
 - b. This means do not drive around water holes or create shortcuts
 - c. This means **STAY ON THE ROAD** if confused or unsure stop and call.
 - d. **DO NOT** drive through cattle that are being moved, respect ranch operations.
3. Observe the Speed Limits
 - a. It does not mater the circumstance, keep speed down.
 - b. Lazy D speed limit is not to exceed **25** miles per hour.
4. **DO NOT LITTER**
 - a. This means pop cans, gloves, rags cigarettes, etc.
 - b. If you see litter pick it up please.

5. **REPORT DAMAGED CATTLE GUARDS, FENCES, ROADS AND OR PROPERTY**

- a. If a fence post is broken, wires down, cattle guards broke or full of dirt let a Company or Lazy D representative know.
- b. Keep gates closed and locked appropriately.
- c. Report bad road conditions and keep roads maintained in workable shape.

6. **No Shooting or Hunting** is allowed on Lazy D Property.

7. If you witness unusual behavior, please report it.
8. Should anyone from the Company conduct them selves in inappropriate manner, and continually disrespect the rules then upon reasonable notification from Lazy D. The Lazy D will address the problem with the person or persons. If such conduct or behavior is repeated that person or persons may not be permitted to come on the Lazy D Ranch.

9. The Company and Lazy D Ranch will strive to conduct its behavior in a professional, reasonable, and diligent manner and in conformity with the highest standards in the industry.

If you understand and agree with these rules please acknowledge below.

Company # _____

David McFarlane Sec.
Lazy D Ranch # 970

VEGETATION:
NATIVE GRASSLAND
SURFACE USE:
RANGELAND



0 220' 440'

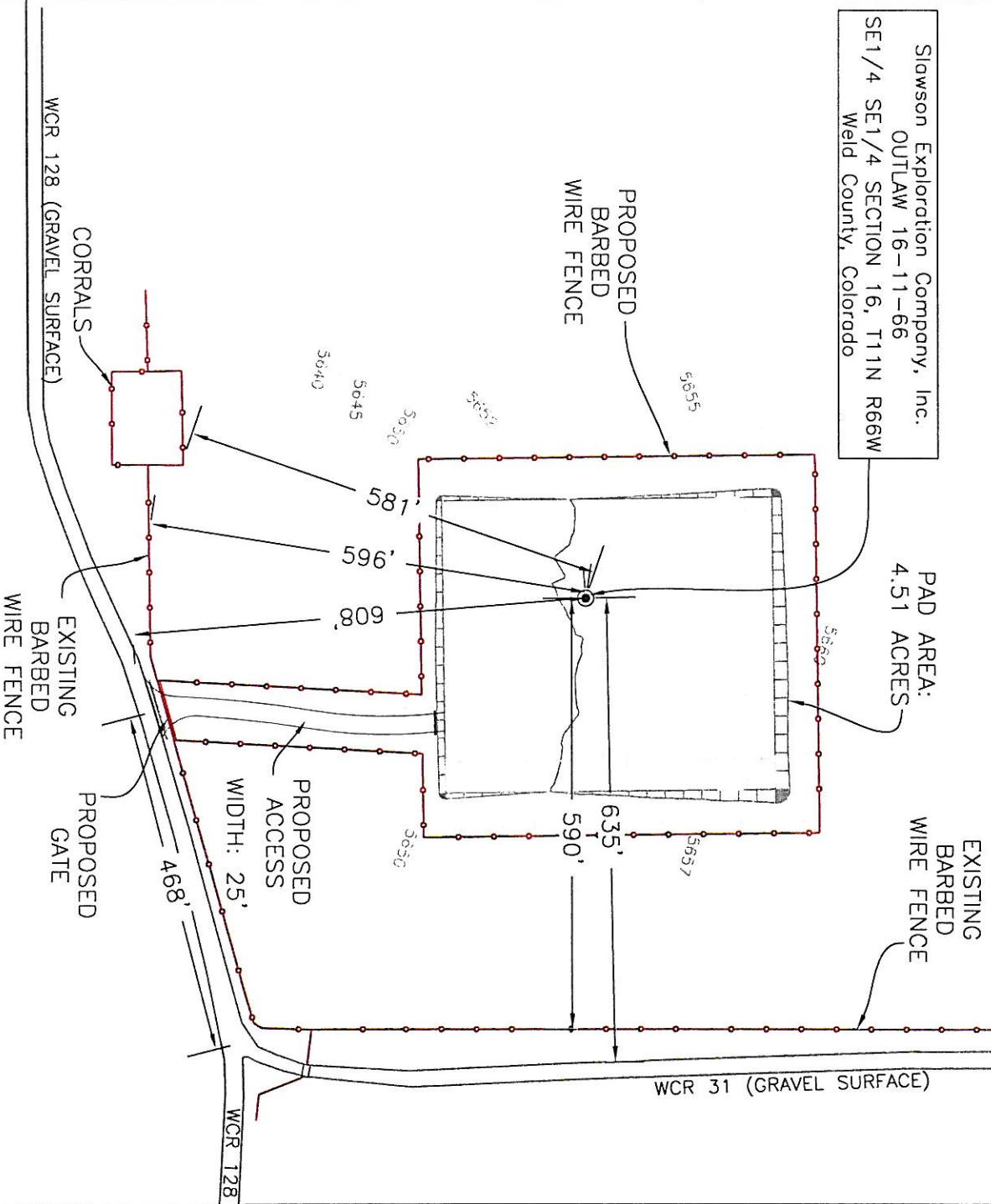


Graphic Scale in Feet
1 Inch = 220 Feet

EXHIBIT C-1
OUTLAW 16-11-66

OUTLAW 16-11-66 WELLHEAD
LATITUDE: 40.91550°N
LONGITUDE: -104.77429°W
FOOTAGE: 605' FSL 605' FEL
GROUND ELEVATION: 5653.65'
PDOP: 1.3 DATE: 4/14/10
INSTRUMENT OPERATOR: JASON LEVANEN

Slawson Exploration Company, Inc.
OUTLAW 16-11-66
SE1/4 SE1/4 SECTION 16, T11N R66W
Weld County, Colorado



WESTERN LAND SERVICES
Sheridan, WY 82801 (307)673-1817

Dr. L. Slawson/Permitting_Booklets_Outlaw Date: 7/30/2010

SLAWSON EXPLORATION COMPANY, INC
OUTLAW 16-11-66

SL: SE1/4 SE1/4, SECTION 16, T11N R66W
6TH PM, WELD COUNTY, COLORADO