

**EASEMENT, RIGHT-OF-WAY  
and  
SURFACE USE AGREEMENT**

This Easement, Right-of-Way and Surface Use Agreement ("Agreement") is entered into as of June 15<sup>th</sup>, 2010, by and between Cannon Farming Company, ("Surface Owner"), whose address is 3575 Cherry Creek North Drive, Denver, CO 80209, and Kerr-McGee Oil & Gas Onshore LP, ("KMG"), with offices at 1099 18<sup>th</sup> St., Suite 1800, Denver, CO 80202 covering certain lands, (the "Lands") situated in Weld County, Colorado described as follows:

Township 2 North, Range 65 West, of the 6<sup>th</sup> P.M.  
Section 3: N/2 & SW/4

For and in consideration of the sum of ten dollars (\$10.00), and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agree to the terms and provisions set forth as follows:

1. Compensation for Well; Release of All Claims

KMG shall pay to Surface Owner the sum as set forth in and according to the terms of that certain Letter Agreement by and between Surface Owner and KMG, dated June 15<sup>th</sup>, 2010, as full and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or growing crops thereon that may occur as a result of KMG drilling or completion operations or its continuing activities for the production or transportation of oil, gas, or other hydrocarbons or products associated with the foregoing including, but not limited to, surface use, access, mud and reserve pits, wellhead equipment, separators, tank batteries, pipelines, gathering lines, flowlines, pipeline interconnections, and any and all other reasonable or customary uses of land related to said operations or activities.

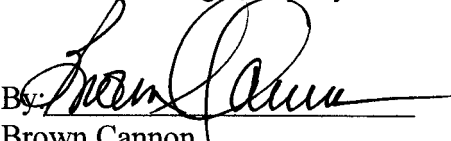
2. Grant of Right of Way and Easement

Surface Owner hereby grants, bargains, sells, assigns and conveys to KMG an easement and right-of-way for the purpose of constructing, using and maintaining access roads, locations for surface equipment and subsurface gathering lines for each well drilled upon the Lands, pipelines, and pipeline interconnections for one year from the date of commencement of surface activities for drilling operations and so long thereafter as oil or gas is produced or capable of being produced from any well drilled on the Lands, provided however, no easement or right-of-way is granted across any irrigation circle or which would interfere with any existing improvements.

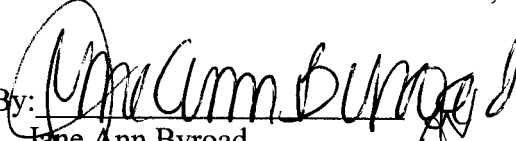
This Agreement shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the undersigned.

The undersigned have executed this Agreement as of the day first above written.

Cannon Farming Company

By:   
Brown Cannon  
As: President

Kerr-McGee Oil & Gas Onshore LP,

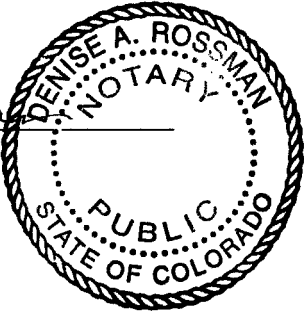
By:   
Jane Ann Byroad  
Agent & Attorney-in-Fact

STATE OF COLORADO )  
City of WELD )ss  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 3<sup>rd</sup> day of Aug, 2010, by Brown W. Cannon

Witness my hand and official seal.

Denise A. Rossman  
Notary Public



My commission expires 10/24/11

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STATE OF TEXAS )  
CITY AND Montgomery )ss  
COUNTY OF DEWATER )

This instrument was acknowledged before me this 9<sup>th</sup> day of August, 2010, by Jane Ann Byroad, Agent & Attorney-in-Fact of Kerr-McGee Oil & Gas Onshore LP, on behalf of said company.

Witness my hand and official seal.



Jeanine Palmer  
Notary Public

My commission expires 11/6/2012

## LETTER AGREEMENT

This Letter Agreement is entered into as of June 15<sup>th</sup>, 2010, by and between Cannon Farming Company, ("Surface Owner"), whose address is 3575 Cherry Creek North Drive, Denver, CO 80209, and Kerr-McGee Oil & Gas Onshore LP, ("KMG"), with offices at 1099 18<sup>th</sup> St., Suite 1800, Denver, Colorado 80202, in conjunction with that certain Easement and Surface Use Agreement, dated June 15, 2010, by and between Surface Owner and KMG covering certain lands (the "Lands"), situated in Weld County, Colorado, described as follows:

Township 2 North, Range 65 West, of the 6<sup>th</sup> P.M.  
Section 3: N/2 & SW/4

1. Compensation for Operations; Release of All Claims

KMG shall pay to Surface Owner the sum of Three Thousand Five Hundred dollars (\$3,500.00) on or before the spud date of each well pad that may be drilled on the Lands, which shall be a one time payment per well pad as full and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or crops growing thereon that may occur as a result of KMG drilling and completion operations or continuing activities for the production or transportation of oil or gas including, without limitation, ingress to, egress from, and construction, use, maintenance, repair, replacement, and monitoring of wells, locations, equipment, mud and reserve pits, separators, tank batteries, pipelines, gathering lines, flowlines and any and all other reasonable and customary uses of land related to said operations and activities.

2. Non-Disclosure Statement

Surface Owner hereby agrees to the terms and provisions of this Letter Agreement and agrees not to disclose any of the terms contained herein to any third party. This provision excludes disclosure of terms necessary in legal counsel. Surface Owner understands that this Letter Agreement shall not be recorded.

3. Additional Provisions

- A) Ways of ingress and egress, well site areas, tank battery/treater locations and tanker truck service areas shall be discussed by and between Surface Owner and KMG prior to commencement of operations.
- B) Restoration of the Lands shall commence as soon as practicable after drilling and completion activities are concluded. The Lands shall be restored as close as reasonably practicable to their condition when KMG first commenced operations on them.

This Letter Agreement shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the undersigned.

The parties hereto have executed this Letter Agreement as of the day first above written.

Cannon Farming Company

Kerr-McGee Oil & Gas Onshore LP,

By: 

Brown Cannon

As: \_\_\_\_\_

By: 

Jane Ann Byroad

Agent & Attorney-in-Fact