

SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement (this "Agreement") is made and entered into this 16 day of June, 2011 by and between Anderson South Farm LLC, a Colorado limited liability company ("Owner") with an address at 6876 County Road 5, Erie, Colorado 80516 and Encana Oil & Gas (USA) Inc. ("Encana") with an address at 370 17th Street, Suite 1700, Denver, Colorado 80202.

Whereas, Encana has the right to drill one or more oil and gas wells on the lands described below:

Township 2 North, Range 68 West, 6th P.M.
Section 32: NW/4
Weld County, Colorado

Whereas, Owner is the owner of the following lands (the "Lands"):

Township 2 North, Range 68 West, 6th P.M.
Section 32: E/2NW/4, Part of the NE/4, Part of the N/2SE/4,
more particularly described as Lot A recorded exemption RE-281,
containing 237.93 acres more or less.
Weld County, Colorado

Whereas, Owner and Encana wish to memorialize their agreement concerning the payment for damages to the surface of the Lands in connection with the access to and the drilling, construction, completion, recompletion, reworking, re-entry, production, maintenance and operation of the Anderson 21-32 and Anderson 22-32 wells (the "Wells") and all pipelines, tank batteries and other facilities or property of Encana or its affiliates associated with the Wells and located on the Lands.

Therefore, for and in consideration of the covenants and agreements contained herein, and for Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Encana agree as follows:

1. Prior to the commencement of drilling operations for the Wells, Encana shall pay Owner the sum of ~~Five Thousand Five Hundred and no/100 Dollars, (\$5,500.00)~~; and prior to commencement of construction of the facilities area, Encana shall pay Owner the sum of ~~Five Thousand Five Hundred and no/100 Dollars, (\$5,500.00)~~ (collectively "Damage Amount"). Such payments shall constitute payment in full by Encana and its affiliates for all normal damages, including but not limited to damages to growing crops, associated with the access to and the drilling, construction, completion, recompletion, reworking, re-entry, production, operation and maintenance of the Wells. Normal damages include, but are not limited to, reasonable and customary ingress, egress, rights-of-way, construction of all access roads, preparation and use of the drillsite area, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient for the production, transportation and sale of oil

and/or gas therefrom; provided, that such activity is in accordance with this Agreement and the Wells, flowline, access road and facilities are located as generally depicted on Exhibit A attached hereto and made a part hereof.

2. Notwithstanding any other provision herein, Encana acknowledges that the Lands are used for farming and an agri-entertainment business, and Encana has represented it will not materially interfere with such business and agrees that no drilling, construction, completion, recompletion, reworking, or re-entry operations and subsequent related operations such as pipeline installation or replacement, except in the case of an emergency, and road installation shall be conducted during the period of March 15 to November 15 each year. Further, all equipment, machinery and foreign materials which are brought onto the lands for operations or which are used necessary for the proper functioning, maintenance and preservation of a well or production well not remain on the Lands during the period of March 15 to November 15 each year; however, equipment necessary for reclamation may remain during the reclamation period described herein. Encana further agrees and acknowledges that any violation of this provision will cause irreparable injury to the Lands and that, in addition to any other remedies that may be available, in law, in equity or otherwise, Owner shall be entitled to obtain injunctive relief without notice against the continuation of any such activity which is prohibited. Owner first gives Encana written notice of and 3 calendar days to cure such violation. Encana may conduct all other operations related to the Wells during this period. The Damage Amount in Paragraph 1 does not apply to Owner's damages due to a breach of this Paragraph.
3. Encana has represented that it will not conduct drilling, construction, completion, recompletion, reworking, re-entry or any other operations in a manner that would damage crops located outside its operations areas, as further described in Paragraph 9.A. below. Encana agrees to compensate Owner in an amount equal to Owner's share of the fair market value of the crop lost or portion thereof, based upon the Owner's average value received for other acres on the farm with the same crop or, if none, at averages on similar farms in the vicinity, less any expenses Owner would incur to realize such value (in other words, Encana is only entitled to pay the net amount Owner would have received if it had actually sold the lost crops at the fair market value).
4. If by reason of Encana's operations, there is damage to personal property located on the Lands or there is damage to the surface of the Lands caused by the negligence of Encana or an unreasonable use of the surface of the Lands by Encana that is not associated with reasonable and normal drilling, completion, recompletion, reworking, re-entry, production, maintenance and operation of the Wells, such as damage to structures, fences, culverts and cement ditches, such damage shall be repaired or replaced by Encana or Encana shall promptly pay Owner for such damage.
5. Owner warrants that it is the owner of the entire interest in the surface of the Lands and that no one who is not a party to this Agreement is entitled to payment for normal damage to the surface of the Lands for which payment has been made pursuant to paragraph numbered 1 above.
6. Except as provided herein, Owner, for itself and its successors and assigns, does hereby, in consideration of the Damage Amount, release, relinquish and discharge Encana, its affiliates,

successors and assigns from all claims, demands, damages and causes of action that Owner may have by reason of the drilling of the Wells and all other damage or injury to the Lands caused by the drilling, completion, recompletion, reworking, re-entry, production, operation and maintenance of the Wells, and Owner accepts the Damage Amount as full compensation therefore; provided, however, this paragraph shall not apply to any environmental or hazardous conditions caused by Encana's operations.

7. Owner expressly acknowledges that this Agreement satisfies the obligations and requirements of Encana pursuant to Colorado Oil and Gas Conservation Commission rules and regulations and Colorado statutes to consult in good faith with Owner regarding the Wells on the Land. Owner expressly acknowledges that this Agreement shall be deemed to be specifically applicable to, and to satisfy fully, the obligation of Encana to accommodate the Owner's use of the surface of the Land, existing and future, and Owner waives any statutory or common law claims to the contrary including, but not limited to, any claims pursuant to C.R.S. 34-60-127 relating to the Wells. Owner also acknowledges that Encana has fully complied with all other applicable governmental regulations and statutes, if any, relating to the settlement of the damages contemplated herein relating to the Wells. This acknowledgement is expressly limited to the Wells and does not include any of Encana's activity on the Lands relating to other wells or interests.
8. Owner acknowledges that Encana's representative has met with and consulted with Owner (or Owner's representative) as to the location of the wellsite, access road, flowline, tank battery and other associated production facilities relating to the Wells and that this Agreement incorporates the results of such meeting(s) and consultation(s).
9. In conducting operations on the Lands, Encana shall:
 - A. Limit the size of the wellsite to approximately 400 feet by 400 feet during any drilling, completion, recompletion or workover operations, and the wellsite shall be no more than ¼ acre in size during other periods. The area required for the tank battery location associated with the Wells shall be limited to approximately one-half acre in size upon completion of construction. The access road shall be limited to approximately 30 feet in width during drilling, completion, recompletion and workover operations. The permanent access roads to the wellhead and tank battery location shall be limited to 15 feet in width.
 - B. Separate the top soil at the time of excavation of pits so that the top soil and subsurface soil may be placed back in proper order as nearly as possible.
 - C. Reclaim the wellsite as nearly as practicable to its original condition and, if the location is in pasture, reseed the location with native grasses. Reclamation operations shall be completed by May 15 following drilling and subsequent related operations during the November 15 to March 15 window, unless Encana and Owner mutually agree to postponement because of crop or other considerations.
 - D. Use its best efforts to keep the well and battery sites free of weeds and debris.

10. Encana acknowledges that access, as depicted on Exhibit A, to the Wells is located through a farm pasture containing livestock, including but not limited to, cows, bulls, Scottish highlanders, lamas, buffalos, donkeys, and/or horses. Encana shall, at its sole and exclusive cost, install the fences and gates along the north and east sides of the facilities area and along the south side of the access road as depicted on Exhibit A. The fence along the south side of the access road shall extend from the east fence at a gate installed on the northeast corner of the facilities area on the west side of the pasture to the existing fence along the east side of the pasture. Further, a gate shall be installed on the south side of the access road in a location approved by Owner. The fence on the east side of the facilities area shall extend from a point seventy (70) feet from the existing fences along WCR 3.25 connected to the existing fence on the south side of the pasture north for 225 feet more or less to the fence to be located on the south side of the access road meeting at a gate to be installed on the northeast corner of the facilities areas as depicted on Exhibit A. The fence along the north side of the facilities area shall extend from the fence along WCR 3.25 east no more than seventy (70) feet to the gate at the northeast corner of the facilities area. The fences shall be substantially similar to the fence located on the east side of the subject pasture which shall include five barbwire and be five feet in height. The gates shall have a twenty-four foot opening and approved by Owner prior to installation (such approval not to be unreasonably withheld, conditioned or delayed). Prior to drilling or other major operations, Encana shall provide Owner with 5 days written notice (via mail and email), and upon receipt thereof, Owner shall move animals from the pasture where the access road is located to the south of the access road or some other offsite area. Encana will be responsible for any injuries or damage caused by its operations if Encana fails to notify owner in order to relocate animals to the pasture south of the access road. Notice pursuant to this paragraph shall be sent to Anderson South Farm LLC, c/o James E. Anderson, 6876 County Road 5, Erie, Colorado 80516, Email: JAnde8628@aol.com, with a copy to Grant, Grant & Goiran LLP, 275 S. Main Street, Suite 201, P.O. Box 908, Longmont, Colorado 80501-0908, Attention: L. Victoria Shupe, Esq., Email: lshupe@gglaw.com.

10. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties, and may be executed in counterparts.

IN WITNESS WHEREOF, the parties have set their hands on the day and year first written above.

ENCANA OIL & GAS (USA) INC.

By: 

Ricardo D. Gallegos,
Attorney-in-fact

Anderson South Farm LLC

By: 

James E. Anderson,
Manager

STATE OF COLORADO)
) ss.
CITY AND COUNTY OF DENVER)

On this ____ day of _____, 20____, before me personally appeared Ricardo D. Gallegos who executed the within and foregoing instrument as Attorney-in-Fact of Encana Oil & Gas (USA) Inc. on behalf of the corporation, and acknowledged the instrument to be the free and voluntary act and deed of the corporation for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

My Commission Expires:



(SEAL)

My Commission Expires 04/26/2015

Notary Public: _____

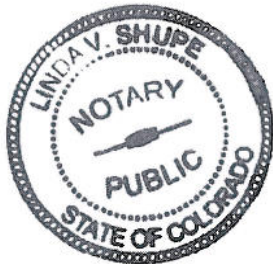
STATE OF COLORADO)
) ss.
COUNTY OF Boulder)

On this 16th day of June, 2011, before me personally appeared James E. Anderson who executed the within and foregoing instrument as Manager of Anderson South Farm LLC on behalf of the company, and acknowledged the instrument to be the free and voluntary act and deed of the company for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

My Commission Expires: 9/24/2011

(SEAL)



Notary Public: _____