

SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement ("Agreement") is made and entered into this 19th day of May, 2010, by and between **James D. Philp and Mary Beth Philp, husband and wife**, whose address is P.O. Box 1032, Big Sandy, TX 75755, hereinafter called Owner (whether one or more) and EOG Resources, Inc., whose address is 600 17th Street, Suite 1000N, Denver, CO 80202, hereinafter called Operator sometimes referred to each as a "Party" or collectively as the "Parties".

WITNESSETH

For and in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **OWNERSHIP.** Owner is the surface owner of certain lands located in **Weld County, Colorado** as more specifically described as follows ("Lands"):

Township 11 North, Range 62 West of the 6th P.M.

Section 7: NW/4 & SE/4

Section 8: E2 & E2W2

Section 23: NW/4

Operator owns a working interest in valid leases covering all or portions of the Lands or Lands pooled or included in a spacing unit therewith (each a "Lease", collectively, the "Leases").

2. **OPERATOR'S OIL AND GAS OPERATIONS ON THE LANDS.** Operator intends to drill or cause to be drilled oil and/or gas wells on the Lands. In order for Operator to drill, construct, complete, produce, maintain, and operate the Wells and all facilities associated therewith, including, but not limited to, permanent access roads ("Access Roads"), temporary access roads ("Temporary Access Roads"), pipelines, flow lines, separators, tank batteries, electric lines and any other facilities or property necessary for Operator to conduct operations on the Wells (each a "Facility", collectively, the "Facilities"), it is necessary that Operator enter and utilize a portion of the surface of the Lands. Owner and Operator agree to consult and agree to the locations of all such facilities prior to drilling operations in accordance with rules and regulations of the Colorado Oil and Gas Conservation Commission.

3. **CONDUCT OF OPERATIONS.** Operator's operations on the Lands will be conducted pursuant to the terms of the Leases, this Agreement, the rules and regulations of the Colorado Oil & Gas Conservation Commission ("COGCC"), and applicable Colorado statutes and case law.

B. Surface Restoration:

Upon permanent cessation of Operator's operations on the Lands, all areas thereof occupied or utilized by Operator will be restored by Operator to their original contour as nearly as is reasonably practicable, and re-seeded if so requested by Owner; provided however, that Operator's intent to abandon any Access Roads will be subject to the provisions of Paragraph 6(A)(iv) herein.

C. Other:

- (i) Operator will install culverts on the Lands that may be necessary to maintain present drainage and irrigation otherwise affected by its operations on the Lands.
- (ii) If by reason of the activities of Operator, including, but not limited to, drilling, completing, equipping, and operating of the Wells, there is damage to personal property of the Owner, including, but not limited to, irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation systems, and for which Owner has not been previously compensated pursuant to Paragraph 5, Operator will repair or replace such items after consultation with and to the reasonable satisfaction of the Owner. Owner will notify Operator of any items damaged after the Wells construction and Operator will repair or replace such items after consultation with the Owner within 15 days of the occurrence.
- (iii) Operator agrees that all trash, refuse pipes, equipment, liquids, chemicals, or other materials brought on the Lands that are not necessary for continued operations of the Wells will be removed and disposed away from the Lands no later than 30 days after the completion of the Wells. No such items will be burned or buried on the Lands.
- (iv) Operator is required to remove casing to a depth of 6 feet below surface within 90 days following cessation of operations.
- (v) During drilling operations the Well sites and any pits shall be fenced at Owner's request. After completion of the Wells and in the event of production, the Wellheads and all production equipment shall be fenced at request of Owner. Additionally, the Well sites and production/tank sites shall be kept free and clear of all noxious weeds, unsightly growth and trash either during drilling operations or after completion and production.
- (vii) Operator agrees to fence off the perimeter of the Well sites with temporary fencing at Owner's request. Operator will also install temporary cattle guards where necessary and shall be responsible for restoring Owner's existing fence to its original condition at any point of access.

10. **NOTICE FOR ADDITIONAL OPERATIONS.** Operator will comply with COGCC rules and regulations requiring that advance notice be provided to Owner for subsequent operations on the Wells, including, but not limited to, reworking operations thereto.

11. **NOTICES.** Notice by either Party will be promptly given, orally if possible (with exception of the default notice described in Paragraph 8), with subsequent written confirmation sent by United States mail, postage prepaid and addressed to either Party at the address as designated below; or to such other place as either Party may from time to time designate by notice to the other:

12. **BINDING EFFECT.** The covenants and conditions herein contained are all of the provisions of this Agreement, will insure to the benefit of and will be binding upon the Parties hereto, their respective heirs, representatives, successors or assigns. Owner agrees to contact any and all tenants of Lands or any other third parties utilizing the surface of the Lands that may be affected by Operator's activities on the Lands. It will be Owner's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant to this Agreement for the payment of any consideration, if any, due such third party from Owner.

13. **ENTIRE AGREEMENT.** This instrument contains the entire agreement between the Parties and may not be modified orally or in any other manner other than by agreement in writing signed by all Parties or their respective successors or assigns.

14. **TERMINATION.** If Operator does not commence operations for the Wells within the primary term of the Lease, this Agreement will terminate in its entirety without penalty to either Party, or will otherwise be renegotiated.

15. **CONFLICT.** This Agreement sets for additional terms and conditions of the Lease between the parties hereto. If there is a conflict between this Agreement and the Lease, this Agreement shall control.

16. **COUNTERPARTS.** This Agreement may be executed by facsimile, in counterparts, each of which will be considered an original and enforceable against either party.

17. **GOVERNING LAW AND VENUE.** This Agreement will be governed by, construed and enforced in accordance with the laws of Colorado. Venue shall be deemed to be in Weld County, Colorado.

18. **ATTORNEY'S FEES AND COSTS.** The Parties agree that the prevailing Party in any action resulting from a breach of this Agreement will be entitled to its reasonable attorney's fees and costs incurred therein.

19. **AUTHORITY OF SIGNATORIES.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

20. **SUCCESSORS.** This Agreement constitutes a covenant running with the Lands and will be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, administrators, trustees, executors and assigns.

If to Surface Owner:

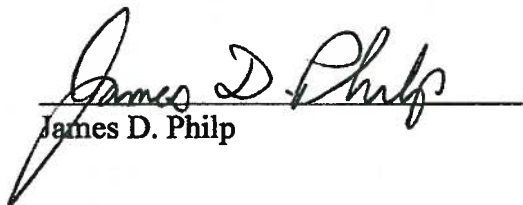
James D. Philp and Mary Beth Philp, h/w
P.O. Box 1032
Big Sandy, TX 75755

If to Operator:

EOG Resources, Inc.
600 17th Street, Suite 1000N
Denver, CO 80202
Attn: Land Department

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

SURFACE OWNER


James D. Philp


Mary Beth Philp

OPERATOR
EOG Resources, Inc.

By: 
J. Michael Schweer, Agent and Attorney-in-Fact 