

SURFACE OWNER AGREEMENT

547

WHEREAS, Walsh Production, Inc., hereinafter referred to as "WPI", and William and Veleria M. Fabrizio, hereinafter collectively referred to as "Fabrizius", have previously entered into an Oil and Gas Lease, hereinafter referred to as "Fabrizius Lease", dated October 14, 2004 and amended December 8, 2004, which Fabrizio Lease is attached hereto as Exhibit "A"; and

WHEREAS, Fabrizio is the surface owner for the following lands in Weld County, Colorado:

T10N-R61W
Section 3: N/2, N/2S/2, Section 4: NE/4, and Section 11: NW/4

T11N-R61W
Section 13: All, Section 23: All, Section 24: W/2, Section 26, N/2, SW/4, Section 27: All, Section 28: All, except that portion of land contained in the Grover Cemetery, Section 33: All, and Section 34: W/2

All of the lands owned by Fabrizio and described above are hereinafter referred to as "Fabrizius Lands"; and



WHEREAS, Fabrizio does not own a mineral interest under a portion of the Fabrizio Lands; and

WHEREAS, WPI has drilled the Weld #5-28 Well located in the SWNW of Section 28-T11N-R61W, Weld County, Colorado on the Fabrizio Lands; and

WHEREAS, WPI and Fabrizio desire to enter into a Surface Owner Agreement covering all of the Fabrizio Lands.

NOW THEREFORE in consideration of Ten Dollars and other mutual benefits derived pursuant to this Surface Owner Agreement, WPI and Fabrizio agree as follows:

1. Surface Damage Payment

 as consideration for surface damages for each drillsite constructed on the Fabrizio Lands. Said payment will be tendered to Fabrizio in advance of any major dirt work to build the location. Upon receipt of each  consideration Fabrizio agrees to execute a "Damage Payment Receipt and Waiver" for each drillsite in the same form attached hereto as Exhibit "B" to this Surface Owners Agreement, which Exhibit is made a part of this Surface Owner Agreement for all purposes.

2. Overriding Royalty Assignment

In the event WPI drills a well on the Fabrizio Lands and the mineral estate is not covered by the Fabrizio Lease, (in other words Fabrizio has no minerals in the drillsite spacing unit), WPI agrees to assign Fabrizio a 1.0% of 8/8ths overriding royalty interest. If WPI's interest in the drillsite is less than the entire interest, or if the applicable oil and gas lease(s) cover less than the entire fee title, then the above overriding royalty interest shall be reduced proportionately. Upon execution of this Surface Owner Agreement WPI will assign Fabrizio a 1.0% of 8/8ths overriding royalty interest in the Weld #5-28 Well and associated Weld County Oil and Gas Lease. Said Assignment of Overriding Royalty is attached hereto as Exhibit "C".

3. Right-Of-Way Agreement

In the event a Right-Of-Way, ("ROW"), across the Fabrizio Lands is needed for roads, pipelines, etc. by WPI, WPI and Fabrizio agrees to execute a formal ROW agreement in the same forms attached hereto as Exhibit "D" (for Pipelines) and Exhibit "E" (for Roads) to this Surface Owners Agreement, which Exhibits are made a part of this Surface Owner Agreement for all purposes.

WPI agrees to pay Fabrizio \$.50 per foot as consideration for said ROWs.



4. Term of Agreement

For a term of ten years from the date hereof, and as long thereafter as WPI, its successors and assigns, shall operate any oil and gas wells, maintain any roads or pipelines, any structures, equipment, appliances and appurtenances upon the Fabrizius Lands, together with the right of free ingress and egress to and from said premises. This shall be a covenant running with the land and shall burden the land and the successors, heirs or assigns of WPI and Fabrizius for the term of the Surface Owner Agreement.

IN WITNESS WHEREOF: Executed this 19th day of June, 2007, but made effective as of June 14, 2007.

WALSH PRODUCTION, INC.

Dean R. Gackle
Dean R. Gackle, Vice President

WILLIAM FABRIZIUS

Veleria M. Fabrizius

VELERIA M. FABRIZIUS

Veleria Fabrizius

Acknowledgments

STATE OF COLORADO)
COUNTY OF LOGAN)ss.
)

The foregoing instrument was acknowledged before me this 19th day of June, 2007, By Dean R. Gackle, as Vice President of Walsh Production, Inc.

WITNESS my hand and official seal
My commission expires: Sept 3, 2008
Deby Vandenberg
Notary Public.

NOTARY PUBLIC
STATE OF COLORADO
COUNTY OF Weld)
)ss.
)

The foregoing instrument was acknowledged before me this 19th day of June, 2007, By William and Veleria M. Fabrizius.

WITNESS my hand and official seal
My commission expires: Sept 2, 2008
Deby Vandenberg
Notary Public.



EXHIBIT B

Attached to and made a part of the certain **SURFACE OWNER AGREEMENT** dated effective June 14, 2007, by and between Fabrizious and WPI.

DAMAGE PAYMENT RECEIPT AND WAIVER

KNOW ALL MEN BY THESE PRESENTS:

The undersigned represents and warrants to be the Owner of the (description of land) , Weld County, Colorado, and that for and in consideration of the payment of Three Thousand Dollars (\$3,000.00) by Walsh Production, Inc., hereinafter referred to as "WPI", receipt of payment which is hereby acknowledged, does hereby release, discharge and acquit said WPI from all liability to the undersigned for damages claimed by the undersigned arising or caused by the drilling, completing, surface and drilling pit reclamation, setting of pumping unit and/or other method of producing, burying of lines, constructing battery facilities and roads for the (name of well) to be located in the (well legal location) in Weld County, Colorado.

If cattle will be present in the pasture during drilling operations WPI agrees to fence the pits for the drilling rig and install cattle guards as needed. Drilling mud will be allowed to dry in the open pits prior to burial and final reclamation. All disturbed fencing will be repaired to landowners satisfaction.

The undersigned hereby acknowledges that the drilling consultation requirement for the Fabrizious #1-28 Well, as set forth in the Colorado Oil and Gas Conservation Commission's Rule 306 a., has taken place.

EXECUTED this day of ,

SURFACE OWNER

William F. Fabrizious

OPERATOR

WALSH PRODUCTION, INC.

By: Dean R. Gackle, Vice President



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7 of 13 R 66.00 D 0.00 Steve Moreno Clerk & Recorder