

123-23686



# SURFACE AND DAMAGE AGREEMENT

(With Receipt and Release)

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THIS AGREEMENT made and entered into this 29<sup>th</sup> day of December, 2005, by and between, James H. Foley, as owner of the surface of Parcel #105105200027 which includes a portion of the SE $\frac{1}{4}$ NW $\frac{1}{4}$  of Section 5, Township 4 North, Range 63 West, 6<sup>th</sup> P.M Weld County, Colorado, hereinafter referred to as "Owner", and United States Exploration, Inc., hereinafter referred to as "UXP".

For and in consideration of \_\_\_\_\_ and other valuable considerations, the receipt and sufficiency of which are hereby acknowledged as payment, settlement, satisfaction, and discharge of any and all claims against UXP, its agents, employees, and contractors for any and all detriment, injuries, and damages of whatsoever nature and character growing out of, incident to, or in connection with the reasonable and customary performance in the drilling, completing, equipping and production of the following "Well(s)", or plugging and abandoning same as a dry hole, and all related operations in preparing the Well(s) production or abandonment ("Operations"):

Well Name(s) FOLEY 22-5

especially including, but not limited to, injury or damage to growing crops as a result of the Operations, access to the Well(s), and occupancy of the wellsite(s) and related production facilities.

Owner hereby gives, grants, and conveys unto UXP, its agents, employees, and contractors, a right to use Owner's property for all purposes necessary for UXP to perform the Operations and all rights incident and appurtenant thereto, including but not limited to, the right to install and operate flowlines, product pipelines and tanks with the rights of unimpeded ingress and egress across Owner's lands to the Well(s) and related production facilities described above. It is hereby understood and agreed by and between Owner and UXP that the FOLEY 22-5 wellsite location may be utilized as the surface location from which up to three (3) additional Wells may be drilled. UXP shall pay \_\_\_\_\_ per each such additional Well drilled from the FOLEY 22-5 wellsite surface location. UXP further agrees to utilize the FOLEY 22-5 Well access road and production facilities, when practicable, for any additional Wells drilled from the FOLEY 22-5 wellsite surface location. The location of the flowlines, pipelines, tanks and all other surface facilities for the FOLEY 22-5 Wellsite are depicted on Exhibit "A" attached hereto and incorporated herein.

Payment hereunder shall compensate Owner only for damages to Owner's land and growing crops. In the event of additional damages, including without limitation, damages to buildings, fences, gates, and livestock tanks, livestock, and other extraordinary losses or damages caused by UXP, its agents, employees, and consultants to Owner's property, or to the property of Owner's surface lessee, if any, UXP agrees to compensate Owner promptly for same on mutually agreeable terms.

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Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops or surface improvements which could be affected by UXP's proposed Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other party having an interest, resulting from UXP's Operations shall be settled by Owner and Owner shall indemnify and hold UXP harmless against any claims resulting there from.

UXP agrees to perform all necessary reclamation work so the land affected by its Operations is restored as nearly as possible to its condition as existed immediately prior to UXP's Operations, excepting any crops thereon.

Concerning any matter relating to UXP's proposed Operations, Owner may contact:

Operator:	United States Exploration, Inc
Person(s) to Contact:	
Operations	Mr. Dean Rogers (303) 886-0186
Land	Mr Mark Wilson (303) 886-8040
Main Office:	1500 Poly Drive, Suite 100 Billings, MT 59102

Commencement of UXP's Operations with heavy equipment is estimated to begin on or about **March 20, 2006**. Owner acknowledges that it has been given notice by UXP of its proposed Operations at least thirty (30) days [or if the well(s) is to be drilled on irrigated crop lands between March 1 and October 31 at least 14 days] prior to UXP's estimated commencement date or hereby waives such thirty (30) day, or fourteen (14) day, requirement. A brochure is available upon request from the Colorado Oil and Gas Conservation Commission, 1120 Lincoln Street, Suite 801, Denver, Colorado 80203, which describes the rights and responsibilities of Owner as the surface owner.

Owner acknowledges that it has consulted with UXP as to the location of roads and the necessary production facilities, including flowlines, product pipelines and tanks and the location and size of the wellsite(s) for the above described well(s), or hereby waives such consultation requirements. Owner also acknowledges that Owner had an opportunity to comment to UXP regarding preferences for the timing of the Operations and preferred locations for the Well(s) and associated facilities. Owner has requested that all consultations be conducted directly with Owner.

Prior to entry upon Owners lands for the drilling of the FOLEY 22-5 well, UXP shall tender to the Owner the sum of \_\_\_\_\_ as additional compensation for said Operations.

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In consideration of the mutual benefits derived hereunder, Owner hereby remises, releases, acquits and forever discharges UXP, its agents, employees, and consultants from any and every action, cause of action, suit, claim, and demand against UXP, its agents, employees, and consultants arising out of, incident to, or in connection with UXP's Operations, access to the Well(s) and related production facilities, and occupancy thereof.

UXP hereby remises, releases, acquits and forever discharges owner and heirs from any and every action, cause of action, suit, claim, and damage against owner and heirs arising out of, incident to, or in connection with access to, or operations of the well(s) and related production facilities.

This Agreement shall extend to and bind Owner, UXP, and their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the parties have executed this Agreement on the same date as shown above.

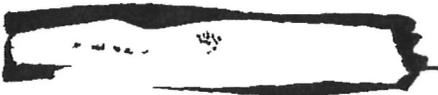
OWNER:

OPERATOR:

James H. Foley  
James H. Foley

UNITED STATES EXPLORATION, INC.

BY: Peter J. Wychgram  
Peter J. Wychgram, As Agent for  
UNITED STATES EXPLORATION, INC.

SS#: 

Address: 31494 WCR 50  
Kersey, CO 80644  
Phone: 970-356-5923

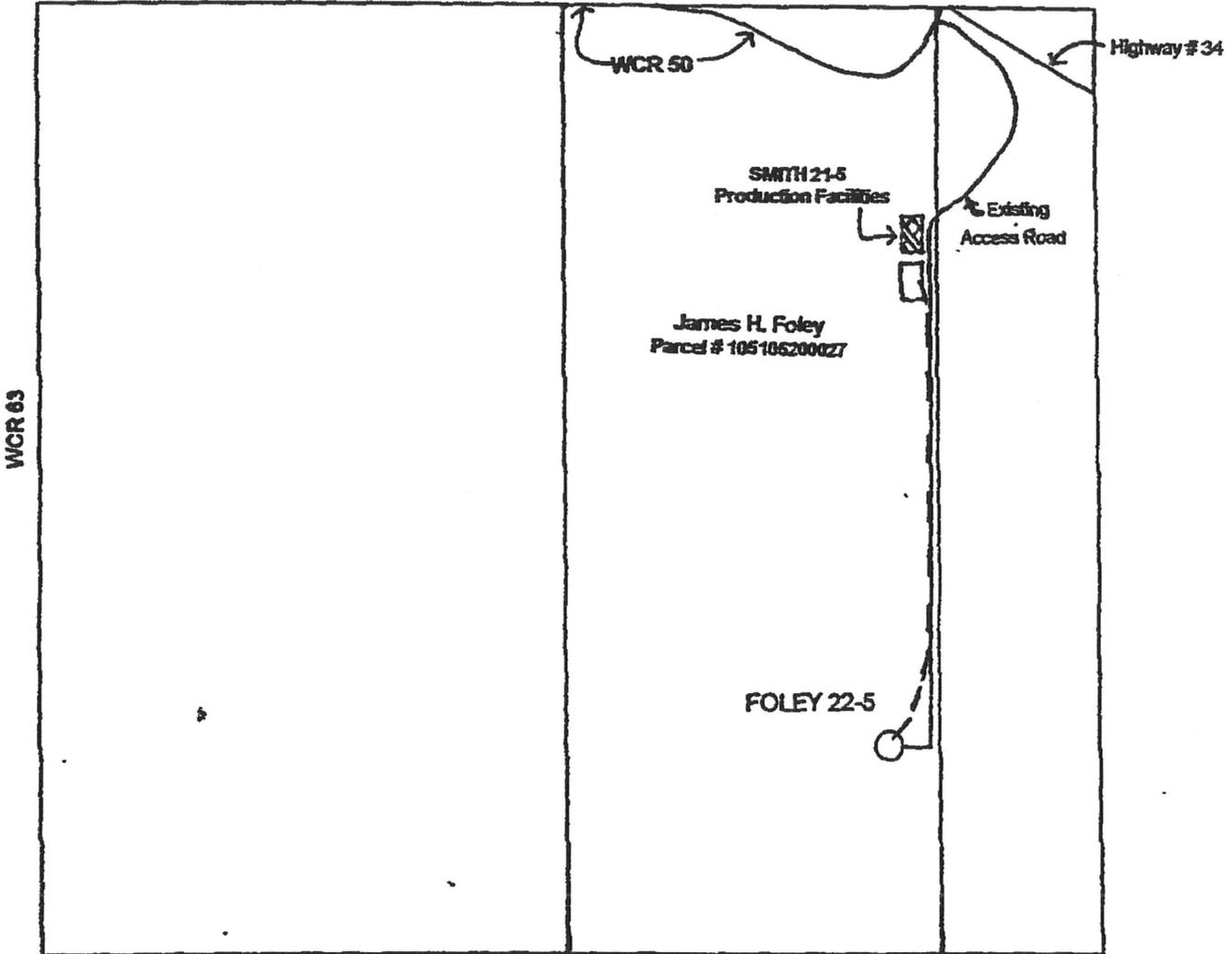
Exhibit "A"

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Attached hereto and made a part hereof that certain Surface and Damage Agreement dated the 29<sup>th</sup> day of December, 2005, by and between James H. Foley, Owner and United States Exploration, Inc. "UXP".

COGCC

SE/4NW/4, Section 5, Township 4 North, Range 63 West, 6th P.M., Weld County, Colorado  
(Showing Section 5: NW/4)



WELL NAME: FOLEY 22-5 Located in SE/4NW/4

ACCESS ROAD: \_\_\_\_\_

PRODUCTION FACILITIES:

EXISTING PRODUCTION FACILITIES:

FLOWLINE: - - - - -

Signed for Identification:

Owner:

Peter J. Wychgram  
Peter J. Wychgram, as Agent for

James H. Foley  
James H. Foley

UNITED STATES EXPLORATION, INC.