

AR2377623

**EASEMENT
and
SURFACE USE AGREEMENT**

This Easement and Surface Use Agreement ("Agreement") is entered into this 18th day of February, 1994, by and between John F. Karich whose address is 13832 Weld County Road 28, Platteville, Colorado 80651, ("Surface Owner") and ELK EXPLORATION, INC., a California corporation ("Elk"), with offices at 3939 Carson Avenue, Evans, Colorado 80620, covering certain lands, (the "Lands") situated in Weld County, Colorado, described as follows:

Township 3 North, Range 66 West, of the 6th P.M.
Section 32: NE/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

Elk shall pay to Surface Owner the sum as set forth and agreed to in that Letter Agreement by and between Surface Owner and Elk, dated February 18th, 1994, as full and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature and/or character caused by Elk to the value of the real estate, growing crops thereon including, but not limited to, all surface use, access, surface damages, mud and reserve pits, wellhead equipment, separators, tank batteries, pipelines, gathering line, flowlines and any and all other reasonable and customary uses of land as a result of drilling and completion operations and continuing activities for the production of oil and gas.

2. Grant of Right of Way and Easement

Surface Owner hereby grants, bargains, sells, assigns and conveys to Elk an easement and right of way for the purpose of constructing, using and maintaining access roads, location for surface equipment and subsurface gathering lines for each well drilled upon the Lands for one year from the date of commencement of surface activities for drilling operations and so long thereafter as oil and/or gas is produced or capable of being produced from any well drilled on the leased premises.

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

Executed this 18th day of February, 1994.

John F. Karich

John F. Karich
SS#

ELK EXPLORATION, INC.

By: Ronald B. Jacobs
Vice President, General Counsel

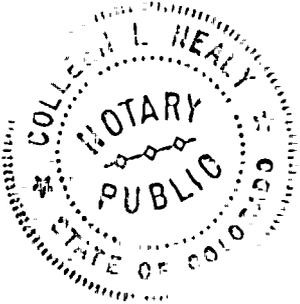
SOA/Karich
32-3N-66
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STATE OF Colorado)
COUNTY OF Weld) ss.

On this 18th day of February, 1994, before me personally appeared John F. Karich known to me to be the person whose name is subscribed to the within instrument and acknowledged that he executed the same for the purposes therein contained.

WITNESS my hand and official seal.

My Commission Expires: 4-10-96



Colleen L. Healy
Notary Public
Address: 3939 Carson
Evans CO 80620

STATE OF Colorado)
COUNTY OF Weld) ss.

On this 20th day of February, 1994, before me personally appeared Ronald B. Jacobs, as Vice President, General Counsel, of Elk Exploration, Inc. a California corporation, to me personally known to be its Vice President, General Counsel and the identical person whose name is affixed to the above instrument, and acknowledged the execution thereof to be his voluntary act and deed as such officer and the voluntary act and deed of said Elk Exploration, Inc.

WITNESS my hand and official seal.

My Commission Expires:



Marilyn R. Tucker
Notary Public
Address: _____
MARILYN R. TUCKER
3939 Carson Avenue
Evans, Colorado 80620
My Commission Expires 02/10/97