

**EASEMENT, RIGHT-OF-WAY
and
SURFACE DAMAGES AGREEMENT**

This Easement, Right-of-Way and Surface Damages Agreement ("Agreement") is entered into as of May 4, 2012, by and between Cannon Farming Company, ("Surface Owner"), whose address is 3575 Cherry Creek North Drive, and Kerr-McGee Oil & Gas Onshore LP, ("KMG"), with offices at 1099 18th Street, Suite 1800, Denver, CO 80202, covering certain lands (the "Lands") situated in Weld County, Colorado, described as follows:

Township 2 North, Range 65 West, of the 6th P.M.

Section 3: N/2

Horizontal Wells: CANNON 13N-10HZ CANNON 13C-3HZ
 CANNON 14N-W3HZ CANNON 14N-E3HZ
 CANNON 36N-W3HZ CANNON 36N-E3HZ
 CANNON 15N-W3HZ CANNON 37N-E3HZ
 CANNON ~~38N-10HZ~~ CANNON 37C-3HZ
 16N-E 3HZ

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 agrees to the terms and provisions set forth as follows:

1. Compensation for Operations; Release of All Claims

KMG shall pay to Surface Owner the sum and perform the obligations set forth in and according to the terms of that certain Letter Agreement by and between Surface Owner and KMG of even date, as full consideration and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or growing crops thereon that may occur as a result of KMG drilling and completion operations on the Lands, and its continuing activities for the production and/or transportation of oil, gas, or other hydrocarbons or products associated with such operations and activities including, but not limited to, surface use, access, mud and reserve pits, wellhead equipment, separators, tank batteries, pipelines, gathering lines, flowlines, pipeline interconnections, and any and all other reasonable and customary uses of land related to said operations or activities.

2. Acknowledgement of Right of Way and Easement

Surface Owner acknowledges and understands that KMG, as owner or lessee of the oil and gas estate for the Lands, owns an easement and right-of-way that burdens the Lands, and that KMG has a continuing right and entitlement to construct, own, operate, maintain, repair and replace all flowlines, gathering lines, other pipelines and related equipment that may be necessary or convenient to its operations on the Lands, including but not limited to, constructing, using and maintaining access roads, locations for surface equipment and subsurface gathering lines, pipelines and pipeline interconnections for its operations and activities; provided, however, KMG agrees that it will not construct pipelines in a manner that interferes with existing improvements on the Lands at the time the pipelines are proposed to be constructed.

Surface Owner further agrees that, Kerr-McGee Gathering LLC, an affiliate of KMG, or another third party gas gatherer designated by KMG, may exercise the easement rights described herein.

3. Waivers

Surface Owner hereby waives its right to and covenants not to protest or object to the use of the surface of the Lands so long as such use is consistent with this Agreement. Furthermore, Surface Owner will provide KMG or its successors and assigns with any and all written support they may reasonably require to obtain permits from the Colorado Oil and Gas Conservation Commission or any local jurisdiction.

4. Surface Locations

Locations for ingress and egress to the well(s), the well site area, tank battery/treater locations and tanker truck service areas shall be the locations depicted on the attached Exhibit "A". This Agreement does not in any way limit the rights of KMG to drill additional wells with associated facilities, access and pipeline easements on the Lands or to exercise all rights consistent with its mineral ownership or lessee rights. Exhibit "A" shall be amended as necessary to identify such future locations.

5. Binding Agreement

This Agreement shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

The undersigned have executed this Agreement as of the day first above written.

Cannon Farming Company

Kerr-McGee Oil & Gas Onshore LP,

By: [Signature]
Name: Brown W. Cannon
Title: President

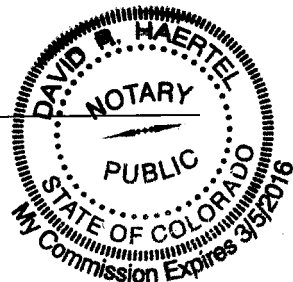
By: [Signature]
David Bell
Agent & Attorney-in-Fact

STATE OF Colorado)
)ss
COUNTY OF Denver)

The foregoing instrument was acknowledged before me this 4 day of May, 2012, by Brown W. Cannon, President of Cannon Farming Company, on behalf of said company.

Witness my hand and official seal.

[Signature]
Notary Public



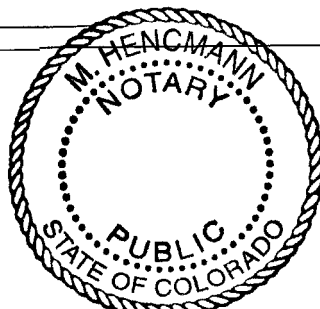
My commission expires 3/5/2016

STATE OF Colorado)
)ss
COUNTY OF Weld)

This instrument was acknowledged before me this 8 day of May, 2012, by David Bell, Agent & Attorney-in-Fact of Kerr-McGee Oil & Gas Onshore LP, on behalf of said company.

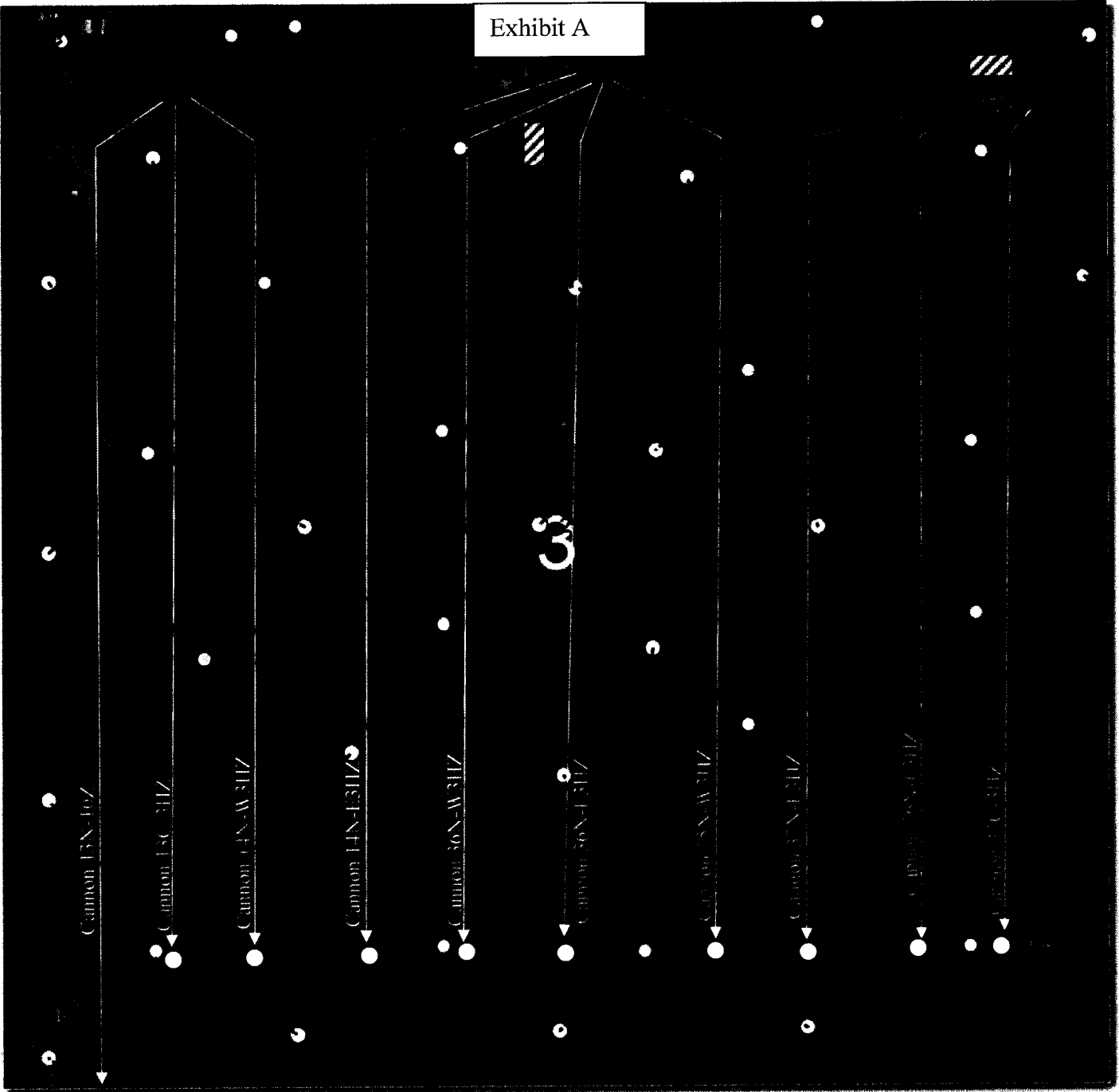
Witness my hand and official seal.

[Signature]
Notary Public



My commission expires 9/27/2015


My Commission Expires 9-27-2015



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- Access Road
- KMG Gathering Line
- Duke Pipeline
- RGSI Pipeline
- Proposed Flowline
- Legal Drilling Window
- Exist Battery Location
- New Battery Location
- Proposed Wellhead
- Bottomhole Location
- Potential Drill Sites

		
Aerial Photo Sec. 3-2N-65W Weld County, CO		
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