

SURFACE LEASE AGREEMENT

This Surface Lease Agreement ("Lease") is made and entered into this 5th day of DEC, 2011, by and between Benzel Land L.L.P. whose address is 980 East Saddlehorn Road, Sedona, AZ 86351 ("Lessor") and Encana Oil & Gas (USA) Inc., whose address is 370 17th St., Suite 1700, Denver, Colorado 80202 ("Lessee").

WHEREAS, Lessor is the owner of a tract of land in Southeast Quarter of Section 1, Township 7 South, Range 93 West, 6th P.M. Garfield County, Colorado; and

WHEREAS, Lessee desires to lease and construct upon the land of Lessor one or more water storage pits and to use other portions of the Lessor's property for storage of incidental spare equipment and for the ongoing operations of Lessee.

THEREFORE, 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, Lessor and Lessee agree as follows:

Premises: Lessor hereby leases to Lessee the real property above, more particularly described in Exhibit A attached hereto and made a part hereof by reference.

Use of the Premises: Lessee shall have the right to use the leased premises for one or more water storage pits. Said pit(s) will be double lined with leak detection. The leased premises shall be fenced and each pit covered in order to deter wildlife from the pit(s). Lessee may also use the leased premises for storage of equipment, materials, and supplies and for the storage of liquid hydrocarbons in storage tanks, together with pipelines and other facilities necessary for its operation. Lessee agrees to keep equipment and materials stored on the land of Lessor in neat and orderly condition.

Roadway: Included with the lease of the premises, Lessee shall have the right to construct the access roads and use the existing roadways described in Exhibit A. Maintenance of the newly constructed access roads will be at the sole cost and expense of Lessee.

Term: The term of this Lease shall commence on the date of execution hereof and shall extend for a period of one (1) year and so long thereafter as Lessee continues to utilize the premises for the purposes herein stated and otherwise complies with all of the terms and conditions of the Lease.

Rental: Lessee shall pay to Lessor as rental for the leased premises [REDACTED] per acre, per year [REDACTED]. The first year rental payment shall be made on or before January 7, 2012 and successive rental payment shall likewise be due on or before January 7 each year. Although the first year's rental payment will not be made until January 7, 2012, Lessee may begin construction any time after execution of this Lease.

Permits and Licenses: Lessee shall obtain from all local and state governments having jurisdiction in the premises all permits and licenses necessary to operate the premises. The use of the leased premises shall not commence until such time as all such permits and licenses have been obtained. Lessee shall not use the leased premises or permit anything to be done in or about the premises which will in any way conflict with any law state ordinance or government rule or regulation which may be hereinafter enacted or promulgated by any entity having jurisdiction.

Compliance with Laws: Lessee shall, at Lessee's sole cost and expense, promptly comply with all laws, statutes, ordinances or governmental rules, regulations or requirements now in force or which may hereafter be in force relating to or affecting the condition, use or occupancy of the premises. The judgment of any court of competent jurisdiction or the admission of Lessee in any action against Lessee, whether Lessor be a party thereto or not, that Lessee has violated any law, Statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of the fact as between Lessor and Lessee. Lessee shall keep the premises free and clear from any liens arising from any work performed, materials furnished or obligations incurred by Lessee. If Lessee shall be in default in paying any charge for which a mechanic's lien claim or suit to foreclose a lien has been recorded or filed, Lessor may (but without being required to do so) pay said lien or claim and any cost. The amounts so paid, together with reasonable attorneys fees incurred in connection therewith, shall be immediately due and owing from Lessee to Lessor with interest at the rate of eighteen percent (18%) per annum from date of Lessor's payments. Should any claim or lien be filed or recorded against the leased property, or any action affecting title thereto be commenced Lessee shall give Lessor written notice thereof as soon as it has knowledge thereof. Lessor shall have the right to demand lien waivers from all contractors, sub-contractors and material-men working on the premises.

Insurance: Lessee shall comply with the Workmen's Compensation Law of the State of Colorado, and shall maintain in force at all times with respect to operations on the leased premises such other insurance, if any, as may be required by law. In addition, Lessee shall maintain such other insurance, if any, that it deems necessary. Lessee shall provide Lessor evidence of any insurance carried by it with respect to operations on the leased premises. Lessee shall provide Lessor evidence of any insurance carried by it with respect to operations on the leased premises upon request.

Inspection: Lessor reserves and shall at all times have the right to enter the premises to inspect the same.

Termination of Lease: Upon termination of this Lease, Lessee shall remove all structures, pipes, tanks and other equipment, materials and supplies placed upon the premises and shall

restore the surface to a condition as nearly as possible as existed prior to the execution of this Lease, including re-vegetation. The restoration and reclamation of the premises shall be completed at the sole cost and expense of Lessee within three (3) months of the date of the termination of this Lease, weather permitting. Security therefor shall be provided under the bond #105189960 between Encana, as Principal, and Travelers Casualty and Surety Company of America, Surety, as defined in such bond, and referenced in Section 11 of that certain Surface Lease Agreement between Encana, as Lessor, and Benzel Livestock Company, as Lessee, dated December 12, 2002 and recorded in Book 1424, Page 627 in the official records of Garfield County, Colorado. A third party environmental engineering firm must certify that the leased site is free of any contamination that may have been caused by the water storage pit or Lessee's operation on site before Lessor will release Lessee of all obligation and such bond.

Default by Lessee: The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Lessee:

The vacating or abandonment of the premises by Lessor.

The failure by Lessee to make any payment of rent as to when due where such failure shall continue for a period of fifteen (15) days after Lessor provides written notice to Lessee of its failure to pay the rent. Such notices shall be sent to Lessee in the manner provided in paragraph C.14 hereafter. In the event rental is not paid within a period of five (5) days after the due date, lessee shall pay a penalty of five percent (5%) of the annual rental in addition to all other rental due and payable hereunder.

The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee, where such failure shall continue for a period of thirty (30) days after written notice thereof by Lessor to Lessee.

Remedies: In the event of any default or breach by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default or breach, terminate Lessee's right to possession of the premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession of the premises to Lessor. In such event, Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default, including but not limited to the cost of recovering possession of the premises, including necessary renovation and alteration to the premises, and reasonable attorney fees.

Eminent Domain: If the premises shall be taken or appropriated by any public or quasi-public authority under the power of eminent domain, this Lease shall terminate and Lessor shall be entitled to any and all income, rent, award or any interest therein whatsoever which may be paid or made in connection with such public or quasi-public use or purpose for such taking. Lessee shall have no claim against Lessor for the value of any un-expired term of this Lease. If any part of the premises may be so taken or appropriated, Lessor shall

have the right, at its option, to terminate this Lease and shall be entitled to the entire award resulting from such taking.

Notices: All notices and demands, which may or are to be required or permitted to be given by either party to the other hereunder, shall be in writing. All notices and demands shall be sent by United States mail, certified, return receipt requested, postage prepaid or by an overnight delivery service, addressed as follows:

Lessor:	Mr. John Benzel Benzel Land L.L.L.P. 980 East Saddlehorn Road Sedona, AZ 86351
Lessee:	Attn: South Piceance Land Encana Oil & Gas (USA) Inc. 370 17th Street, Suite 1700 Denver, CO 80202

All notices and demands given hereunder shall be considered to be given and delivered three business days after deposit in the United States mail or when delivered by an overnight courier service, as applicable as herein provided.

Binding Effect: The terms and conditions hereof shall extend to and be binding upon the parties hereto, their successors and assigns.

Memo of Lease Recorded: A Memorandum of this Lease may be recorded by the parties and, if recorded, Lessee covenants and agrees to record a release and quit claim deed to the premises within thirty (30) days following the termination of the Lease.

Quiet Possession: Lessee shall have the quiet possession of the leased premises for the entire term hereof subject to all of the provisions of this Lease.

Entire Agreement: This Lease contains all the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease. No prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.

Attorney Fees: In the event any action or proceeding is brought by either party against the other under this Lease, the prevailing party shall be entitled to recover all costs and expenses, including the fees of its attorneys in such amount as the court may adjudge

reasonable as attorneys fees.

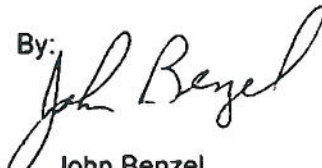
Sale of Premises: In the event of any sale of the premises, Lessor shall be, and is hereby freed and relieved of liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after consummation of such sale. Upon any such sales or portion thereof containing the premises, Lessee shall attorn to the purchaser in all respects under the terms and provisions of this Lease.

Remedies Not Exclusive: No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all the remedies at law or in equity.

Governing Law: This Lease shall be governed by the laws of the State of Colorado.



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

BENZEL LAND L.L.L.P.

By: 
John Benzel
General Partner
12-5-11

ENCANA OIL & GAS (USA) INC.

By:


Ricardo D. Gallegos
Attorney-in-Fact


ACKNOWLEDGEMENTS

STATE OF ARIZONA §

COUNTY OF YAVAPAI §

On this 5th day of November 2011, before me personally appeared John Benzel, General Partner of Benzel Land L.L.P., known be the persons described in and who executed the foregoing instrument, and who acknowledged to me that he executed the same.

WITNESS my hand and official seal.

My Commission Expires:

Dec. 5, 2014



Notary Public:

Amanda C. Moffitt

Address:

6666 Hwy 179
Sedona, AZ 86351

STATE OF COLORADO §

CITY AND COUNTY OF DENVER §

On this 8th day of December 2011, before me personally appeared Ricardo D. Gallegos, known to me to be an Attorney-in-Fact for Encana Oil & Gas (USA) Inc. and that he executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

STATE OF COLORADO)
) §
CITY AND COUNTY OF DENVER)

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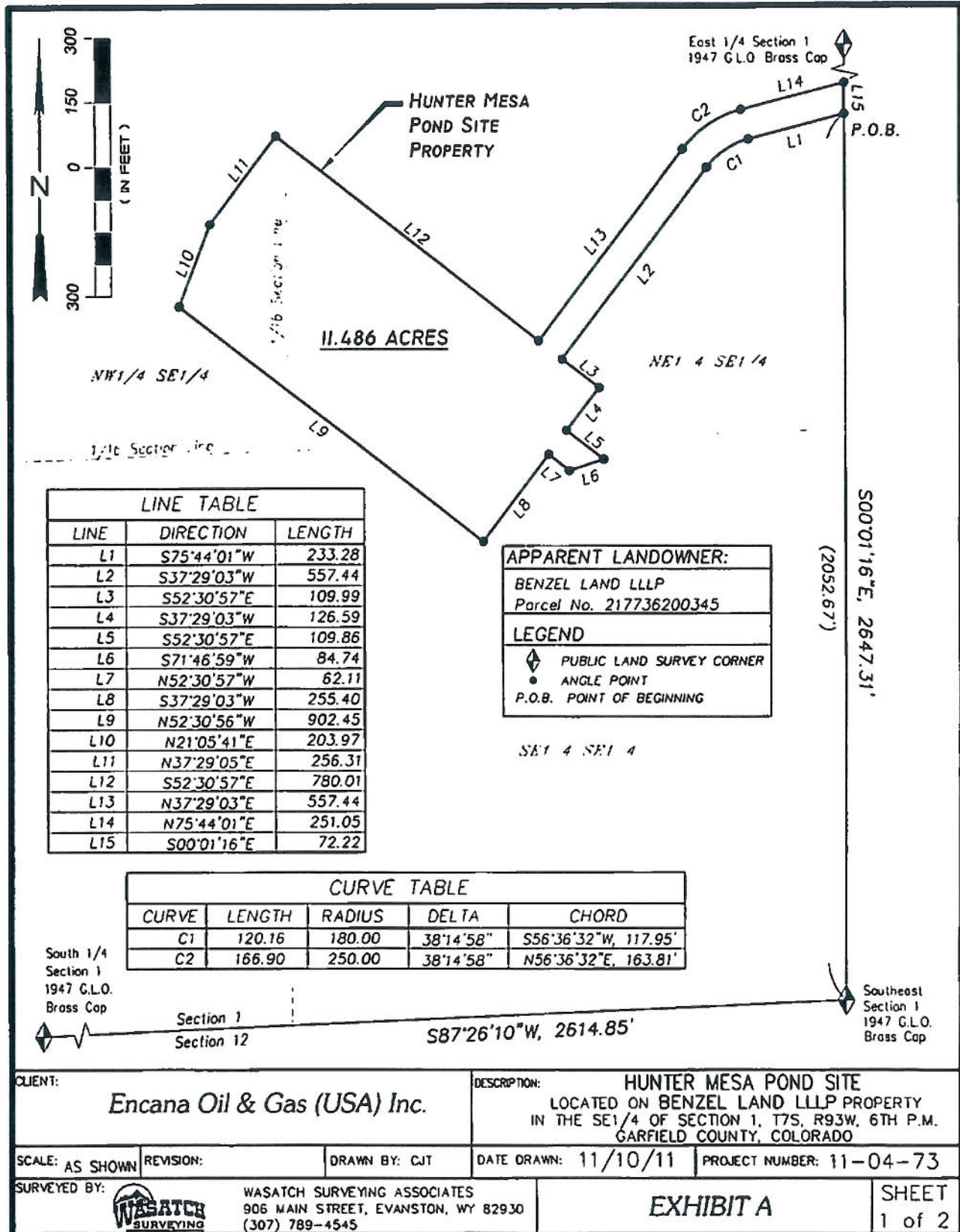
WITNESS my hand and official seal: APRIL JACKSON
NOTARY PUBLIC
My Commission Expires: STATE OF COLORADO

My Commission Expires 03/25/2013

April Jackson
Notary Public

Exhibit "A"

Attached to and made a part of that Surface Lease Agreement between Benzel Land L.L.P. and Encana Oil and Gas (USA) Inc. dated , 2011.



LEGAL DESCRIPTION

A tract of land located in the SE1/4 of Section 1, T7S, R93W, 6th P.M., Garfield County Colorado, said tract being more particularly described as follows:

Commencing at the Southeast corner of said Section 1 and running N 00°01'16" W, 2052.67 feet along the East line of said Section to the POINT OF BEGINNING;

thence S 75°44'01" W, 233.28 feet to the point of curvature of a tangent curve, concave to the Southeast, having a radius of 180.00 feet; thence Southwesterly 120.16 feet along the arc of said curve through a central angle of 38°14'58" to a point tangent, the long chord of which bears S 56°36'32" W, 117.95 feet; thence S 37°29'03" W, 557.44 feet; thence S 52°30'57" E, 109.99 feet; thence S 37°29'03" W, 126.59 feet; thence S 52°30'57" E, 109.86 feet; thence S 71°46'59" W, 84.74 feet; thence N 52°30'57" W, 62.11 feet; thence S 37°29'03" W, 255.40 feet; thence N 52°30'56" W, 902.45 feet; thence N 21°05'41" E, 203.97 feet; thence N 37°29'05" E, 256.31 feet; thence S 52°30'57" E, 780.01 feet; thence N 37°29'03" E, 557.44 feet to the point of curvature of a tangent curve, concave to the Southeast, having a radius of 250.00 feet; thence Northeasterly 166.90 feet along the arc of said curve through a central angle of 38°14'58" to a point tangent, the long chord of which bears N 56°36'32" E, 163.81 feet; thence N 75°44'01" E, 251.05 feet to said East line of Section 1; thence S 00°01'16" E, 72.22 feet along said East line to the POINT OF BEGINNING.

Said tract containing 11.486 Acres, more or less.

BASIS OF BEARING

The base bearing for this survey is N 00°01'16" W, 2647.31 feet between found monuments at the Southeast Corner and the East One-Quarter Corner of Section 1, T7S, R93W.

CERTIFICATE OF SURVEYOR

I, Ted Taggart of Fruita, Colorado hereby certify that this map was made from notes taken during an actual survey made by me or under my direction for Encana Oil & Gas (USA) Inc. and that the results of which are correctly shown hereon.



CLIENT:

Encana Oil & Gas (USA) Inc.

DESCRIPTION:

HUNTER MESA POND SITE
LOCATED ON BENZEL LAND LLLP PROPERTY
IN THE SE1/4 OF SECTION 1, T7S, R93W, 6TH P.M.
GARFIELD COUNTY, COLORADO

SCALE: AS SHOWN

REVISION:

DRAWN BY: CJT

DATE DRAWN: 11/10/11

PROJECT NUMBER: 11-04-73

SURVEYED BY:



WASATCH SURVEYING ASSOCIATES
906 MAIN STREET, EVANSTON, WY 82930
(307) 789-4545

EXHIBIT A

SHEET
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