

## AGREEMENT

In consideration of the mutual covenants herein set forth and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

### ARTICLE ONE - Existing Well Locations

**1.01 Existing Wells.** The Parties acknowledge that Elm Ridge has existing rights of ingress and egress across the GFDI Property to maintain, drill, develop, produce and operate the well Facilities described in this Article One on the GFDI Property.

**1.02 Ute T2 Well.** Elm Ridge operates the Ute T2 Gas Well ("T2 Well"), located in Township 34 North, Range 7 West, Section 18, within the GFDI Property. The precise location of the T2 Well is depicted on Exhibit B attached hereto and incorporated herein by this reference. The T2 Well is in a portion of the GFDI Property that will be planned and designated for residential and mixed-uses to be constructed in early phases of the development of the GFDI Property. GFDI agrees that in GFDI's land use plans, GFDI will designate an approximately two-acre wellpad area on which the T2 Well is located ("T2 Wellpad Area"), also depicted on Exhibit B, in exchange for compensation in the amount of [REDACTED] and NO/100 DOLLARS [REDACTED]. The T2 Wellpad Areas will be used for Gas Activities and, to the extent necessary or appropriate, GFDI will use its best efforts to cause the T2 Wellpad Area to be approved and designated by the appropriate governmental authority or entity with land use jurisdiction over the GFDI Property ("Applicable Governmental Entity") as a special zone in which the use thereof for the Gas Activities is a permitted use.

**1.03 Consultation.** The Parties acknowledge that in order for Gas Activities and development of the GFDI Property to take place in a mutually satisfactory manner, cooperation and consultation between the Parties is necessary. Prior to engaging in development activities reasonably anticipated by GFDI to affect Elm Ridge's operation of the T2 Well, GFDI shall use its best efforts to notify Elm Ridge of said development activities and consult regarding measures that may be undertaken to minimize disruption of Gas Activities. Prior to engaging in Gas Activities reasonably anticipated by Elm Ridge to affect GFDI's development activities, Elm Ridge shall use its best efforts to notify GFDI of the same and consult regarding measures that may be undertaken to minimize disruption of GFDI's development activities. The Parties further agree that, so long as this Agreement is in effect and both Parties are in compliance with its terms, neither Party will object to the land use plans or applications to governmental entities for approvals associated with their respective activities.

### ARTICLE TWO – Existing Elm Ridge Pipeline

**2.01 Pipelines Generally; "Pipeline Activities" defined.** The Parties acknowledge that Elm Ridge operates the pipeline Facilities generally described in Article Two of this Agreement on the GFDI Property. For purposes of this Agreement, the installation, use, operation, maintenance, replacement, and abandonment (including reclamation) of pipelines and

this Agreement and to the rights of the Parties, their successors and assigns pursuant to this Agreement.

**9.05 Drilling.** GFDI agrees not to object to any application or proposal for increased density drilling or downspacing, including associated processing equipment such as separators, on the GFDI Property, provided that such increased density drilling or downspacing, including associated processing equipment such as separators, will be accomplished only through use of the existing T2 Wellpad and, further provided, that the location of any well proposed in association with such increased density drilling is within the setbacks set forth in the regulations approved by the Applicable Governmental Entity. GFDI reserves the right to object to any application or proposal of increased density drilling or downspacing on the GFDI Property which does not comply with the foregoing sentence.

**9.06 Indemnification.** GFDI shall hold Elm Ridge harmless from any expense incurred by GFDI in connection with its obligations under this Agreement, and shall defend and hold Elm Ridge harmless against any claims by any third parties for personal injuries, property damage, or any other claim caused by any work or service performed by GFDI or by any other person or entity at GFDI's request related to, with respect to or arising from GFDI's performance of its obligations to Elm Ridge under this Agreement. GFDI further agrees to indemnify, defend and hold Elm Ridge and its partners, officers and employees harmless from and against any claim, loss or expense arising out of injury, death or property loss or damage occurring in connection with or as a result of GFDI's performance of its obligations under this Agreement, except only to the extent caused by the negligent act or intentional misconduct of Elm Ridge or its partners, officers or employees. The rights and obligations of Elm Ridge and GFDI under this Section 9.06 shall survive the expiration or earlier termination of this Agreement.

**9.07 Recording.** This Agreement shall be recorded in the real property records for the County of La Plata, Colorado.

IN WITNESS WHEREOF, Elm Ridge and GFDI have executed this Agreement effective as of the date first set forth above.

[SIGNATURE PAGE FOLLOWS]

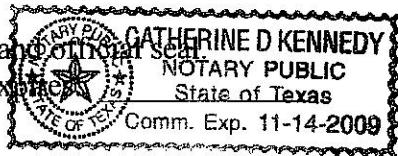
**ELM RIDGE EXPLORATION COMPANY, LLC** a New Mexico limited liability company

Signature: [Signature]  
Print: James M. Clark, Sr.  
Title: President  
Date: April 20, 2007

STATE OF Texas )  
 ) ss.  
COUNTY OF Dallas )

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of April, 2007 by James M. Clark, Jr., as Manager of Elm Ridge Exploration Company, LLC.

Witness my hand and official seal.  
My commission expires:



Catherine D. Kennedy  
Notary Public

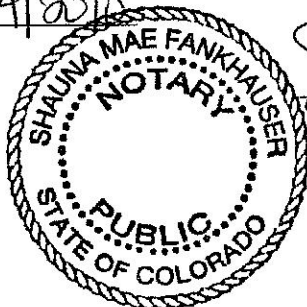
**GFD IGNACIO, LLC**, a Colorado limited liability company

Signature: [Signature]  
Print: PATRICK J. VAUGHAN  
Title: AUTHORIZED REPRESENTATIVE  
Date: 4/27/07

STATE OF Colorado )  
 ) ss.  
COUNTY OF Larimer )

The foregoing instrument was acknowledged before me this 27 day of April, 2007 by Patrick S. Vaughan, as Authorized Representative of Elm Ridge.

Witness my hand and official seal.  
My commission expires: 9/14/2010



Shauna Mae Fankhauser  
Notary Public