

SURFACE USE AGREEMENT

THIS AGREEMENT is effective **September 1, 2008** by and between Duncan Livestock Company, a Colorado Corporation, hereinafter referred to as "Grantor" and Petroleum Resources Management, Corp. 1580 Lincoln St., Suite 635, Denver, CO 80203, or its assignee(s), hereinafter collectively referred to as "Grantee".

For and in consideration of the covenants, terms, conditions, and other goods and valuable considerations hereinafter set forth, Grantor and Grantee hereby agree as follows:

Grantee intends to drill and to operate oil and/or gas wells hereinafter referred to as "the subject wells" within the boundaries of the below described land in Moffat County, Colorado, which are owned, leased or partially leased to the Grantee as follows:

Township 11 North, Range 89 West, 6th PM

Section 25: Lots 25, 26, 29, and 31

ada Part of S2SW, SWSE

Section 36: Lots 1, 3-14, 19 and 20

ada N2 and SE

Township 10 North, Range 89 West, 6th PM

Section 1: a 3.795 acre tract in Lot 5, NWNE (metes and bounds)

and containing 557.00 acres, more or less.

Grantor does hereby convey to Grantee, its successors and assigns, a private right to enter upon and use the above described land and premises, together with a right-of-way so long as said private right is used for the purposes herein granted, to enter upon and across the surface estate of Grantor, to construct, maintain, repair and use new and existing limited access roads, together with all necessary water crossings for access to the subject well locations; and, to construct and maintain wellsites, electrical lines, pipelines and all such other related facilities as are necessary for Grantee to properly drill, equip, complete for production, de-water, produce and/or plug and abandon the subject wells.

Grantor hereby reserves unto Grantee, its successors and assigns, all surface, water and mineral uses and the right to grant additional and successive rights-of-way which are not inconsistent with the rights granted to Grantee at all times that the subject right-of-way is in effect. Entry upon the heretofore referenced surface estate and right-of-way for use of the access roads, wellsites, pipelines and all other related facilities are hereby granted upon the following express conditions:

1. Grantee, its agents, successors and assigns, will save and hold Grantor harmless from and against any and all claims, demands and causes of action including reasonable expenses, attorney fees and court costs, arising from or in connection with any claim for damages to persons or property caused by the willful or negligent act or omissions of Grantee in the installation, construction, repair, maintenance and all operations involved with the drilling, completion production and/or plugging and abandoning the subject wells, but not otherwise.
2. Should Grantor or any third party use the rights-of-way or easement of Grantee herein, said parties agree to indemnify and hold Grantee harmless from and against all claims, demands and causes of action including reasonable expenses, attorney's fee, and court costs, for personal injury, death or property damage arising out of or attributable to Grantor's or third party's willful or negligent act or omission while using said right-of-way or easement of Grantee.
3. Grantee shall notify Grantor prior to its initial entry upon the surface estate of Grantor, and Grantee shall consult with Grantor about the location of all roads, pipelines, wellsites and any and all other facilities to be located upon the surface estate of Grantor. Grantee shall not commence any operation until Grantee has consulted with Grantor.
4. Grantee agrees to use the access roads, pipelines, wellsites, and related facilities in conformance with

acceptable and prudent oil field standards and practices. Grantee agrees to tender to Grantor the following amounts for facilities and right-of ways (ROW):

\$4,500.00 per well as compensation for the drilling, completion, equipping and production operation of each of the subject wells.

\$6.50 per rod for subsequent road access ROW

\$5.00 per rod for oil, gas or water pipeline or electrical line.

In addition, Grantee agrees to compensate Grantor at market value for any and all damages to hayfields, livestock, and fences caused by any and all of its operations on said land.

5. Any new road constructed to permit access to wellsite locations and related facilities will not exceed a total surface width of twenty (20) feet. Grantee shall at all times maintain said roads in good condition and acceptable repair, all at the sole cost and expense of Grantee. Grantee shall keep its sites and rights-of-way in good order and free of litter and debris. Grantee agrees to control noxious weeds on its operations sites and along its rights-of-way.

6. Grantee shall not permit any of its employees, agents or contractors performing operations on the subject lands to bring any firearm, explosive device, weapon, alcoholic beverage, or illegal drug on Grantor's property. Grantee's employees, agents and contractors shall at all time carry identification and shall promptly and courteously produce such identification upon request of Grantor's representatives. Neither Grantee, its employees, agents nor contractors will bring dogs or other animals, in vehicles or otherwise, onto the subject lands. No employee, agent or contractor of Grantee shall hunt, prospect for antlers, fossils or antiquities, recreate, consume alcoholic beverages, or conduct any illegal activities on the subject lands. Absent Grantor's consent, Grantee shall not allow its contractors to store equipment on the subject lands, nor shall employees be housed on the subject lands except during drilling and completion operations when there may be temporary portable housing of employees, agents or contractors.

7. If the subject wells are plugged and abandoned, Grantee agrees that within a reasonable period it will restore the Grantor's surface estate to as near its original condition as practicable, including re-seeding of grasslands using a seed mixture approved by Grantor. Grantee shall have the right for a reasonable period of time upon termination of its operations hereunder to remove or have removed all of the equipment and materials at its sole cost, risk, and expense.

8. This Agreement shall remain in full force and effect from the date hereof, and so long thereafter as the subject wells are in production, and/or the oil and gas leases incident thereto and under which the subject wells were drilled remain valid.

The terms, covenants, and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their successors, and assigns and the rights and easements herein granted shall be assignable together or separately, wholly or in part.

IN WITNESS WHEREOF, the Agreement is executed the date first set forth above.

GRANTOR

Duncan Livestock Company



By: Duane Duncan
Title: Vice President

GRANTEE

Petroleum Resource Management, Corp.



By: Duncan Shepherd
Title: President

PERMANENT ROAD, SUBSEQUENT ROAD, AND PIPELINE/ELECTRIC LINE RIGHT OF WAY AND EASEMENT AGREEMENT

This Permanent Road, Subsequent Road, and Pipeline Electric Line Right of Way and Easement Agreement ("Agreement", "Right of Way" or "Easement") is dated and effective September 1, 2008.

This Agreement is between Duncan Livestock Company, a Colorado corporation, whose address is P.O. Box 62, Dixon, Wyoming 82323, Duane Duncan, President (hereinafter referred to as "Grantor"); and Petroleum Resource Management, Duncan Shepard, President, whose address is 1580 Lincoln Street, Suite 635, Denver, Colorado 80203, (hereinafter referred to as "Grantee"). Petroleum Resource Management is the Operator in this project area for itself and its Participant, Carmony Exploration, LLC, John R. Carmony, Manager, whose address is 1400 Athene Drive, Lafayette, CO 80026, and their assignees, (hereinafter collectively referred to as "Leasehold Owners").

Grantor and Grantee agree as follows:

Ownership of Grantor

1. Grantor, owns or leases the surface to the following described land in Moffat County, Colorado (hereinafter referred to as "Surface Land")

Township 11 North, Range 89 West, 6th PM

Section 25: Lots 25, 26, 29, and 31

ada Part of S2SW, SWSE

Section 36: Lots 1, 3-14, 19 and 20

ada N2 and SE

Township 10 North, Range 89 West, 6th PM

Section 1: a 3.795 acre tract in Lot 5, NWNE (metes and bounds)

and containing 557.00 acres, more or less.

Ownership of Grantee and Leasehold Owners

2. Grantee and the Leasehold Owners own all or part of the mineral lease in the lands described above under "Ownership of Grantor". In addition, Grantee and the Leasehold Owners hold and or may hold in the future additional oil and gas leases elsewhere in township 11 North, Range 89W and Township 10 North, Range 89 West, Moffat County, and Township 10, Range 88 West, Routt County.

The Grant and Description of the Right of Way and Easement

3. Grantor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby grant, sell, bargain and convey unto Grantee, its successors and assigns, an exclusive right-of-way and easement for the purpose of locating, surveying, constructing, maintaining, repairing and replacing roads over, under, across and through the Surface Land described above.

Grantor also grants and conveys to Grantee, the right to lay, construct, maintain, alter, inspect, repair, replace, change the size of, operate and remove a pipeline, and any appurtenances listed herein to the operation or protection thereof, for the transportation of oil, gas, petroleum or any of its products, on, over, Surface Land described above.

Grantor further grants and conveys to Grantee, the right to construct, maintain, alter, inspect, repair, and replace electric lines over, across and through the Surface Land described above. Grantee will consult with Grantor prior to conducting any operations on electric lines.

Said roads specifically described as follows:

(a) A Permanent Road Right of Way, as indicated by a dashed black line on the attached Exhibit "1" Plat, made a part hereof for all purposes, running from approximately the north line of S/2SW Section 25 to the center of Section 36, Township 11 North, Range 89 West.

The Permanent Road Right of Way described above and the location of the easement are as generally described in the map attached hereto as Exhibit "1" Plat and by this reference incorporated herein and the parties agree that the descriptions and the Exhibit are sufficient to locate the Permanent Road Right of Way. Upon the termination of the lease agreement by its own terms or otherwise, the Grantee, its successors or assigns will cause a Release and/or Quitclaim Deed to the property affected by the permanent road right of way, being the property described above to be completed and recorded.

(b) Such Subsequent Road Right of Way(s) on the Surface Land as Grantee may need in order to conduct operations on the lands described above in Township 11 N, Range 89 West and Township 10 North, Range 89 West, Moffat County, and Township 10 North, Range 88 West, Routt County. Grantee shall notify Grantor prior to Grantor's entry upon the Surface Land for the building and/or use of Subsequent Road Right of Ways, and Grantee shall consult with Grantor about the location of all Subsequent Road Right of Ways to be located on the Surface Land.

(c) Pipeline/Electric Line Easement(s) will parallel and follow the Permanent Road right of Way or Subsequent Road Right of Ways described above or a route mutually agreed to by the Grantor and Grantee. The pipeline(s) shall be buried to a depth of not less than sixty inches (60") below the surface, except in rock, where a minimum cover of twenty-four inches (24") will be provided. If the Pipeline Easement is abandoned, the pipeline may be removed at the expense of the **Grantee** within twelve months from the abandonment, and a release of the Pipeline Easement shall be filed of record by the Grantee. If not removed within such period, such line will be considered abandoned in place and become the property of Grantor.

Surface Use Agreement dated and effective June 2, 2007

4. Contemporaneously with the Agreement, Grantor and Grantee are executing a Surface Use Agreement dated and effective September 1, 2008. Said Surface Use Agreement covers lands which are owned leased or partially leased to the Grantee within Moffat County, Colorado as follows:

Township 11 North, Range 89 West, 6th P.M.
Section 25: Part of the S/2 SW
Section 36: N/2, SE

Under the terms of the Surface Use Agreement, Grantee shall pay to Grantor the following rates for subsequent roads, oil, gas, or water pipeline, or electrical lines:

\$6.50 per rod for Subsequent Road Right of Ways
\$5.00 per rod for oil, gas, or water pipelines or electrical lines.

Other Provisions

5. The term of the ROW shall be concurrent with the oil and gas lease taken in 2008 by Petroleum Resource Management Corp. from Duncan Livestock Company on the lands described under Section 1 above. If Grantee, its successors and assigns, elects to continue using this exclusive right of way and easement after five years from the date of this agreement, Grantee agrees with Grantor that it will pay an annual consideration of \$5000.00 to Grantor on or before January 15 for each successive year beginning in calendar year 2014. However, in the event oil and/or gas are established on the Grantors' leasehold, the \$5000.00 annual right of way fee shall be paid only to the extent that the Grantors royalties from oil and/or oil production does not exceed \$5000.00 per calendar year. Thus, if Grantor receives royalties totaling \$3500.00 in a calendar year, Grantee's annual payment for continued use of the Right of Way and Easement shall be \$1500.00 payable on or before January 15 of the following year.

6. The lengths of the road rights of ways covered by this Agreement are estimates. Grantor and Grantee agree that for purposes of this Agreement that they will accept those lengths and any calculations made there from.

7. This Permanent Road, Subsequent Road, and Pipeline/Electric Line Right of Way and Easement Agreement shall carry with it the right of ingress and egress to and from, and access on and along the right-of-way and easement, with the right to use existing roads, for any and all purposes necessary and incident to the exercise by Grantee of the rights granted herein. During temporary periods Grantee may use such portion of the Surface Land along and adjacent to the right-of-way and easement as may be reasonably necessary in connection with construction, maintenance, repair, removal or replacement of the road and/or pipeline.

8. In the event Grantor considers that Grantee has not complied with any or all Grantee's obligations hereunder, either express or implied, Grantor shall notify Grantee in writing, specifically setting forth the alleged default. Grantee shall have sixty (60) days following receipt of such notice to commence to remedy or to remedy such default. Grantor's notice to Grantee hereunder shall be precedent to Grantor's bringing any action against Grantee and no such action can be initiated prior to the end of the sixty-day notice period herein provided. Neither the notice nor the remedy shall be deemed an admission or presumption that Grantee had failed to perform any of the obligations under this Agreement.

9. Grantee may at any time and upon permanent abandonment of all or a part of the right-of-way or rights of way shall, execute and record a re-conveyance and release hereof, whereupon this right-of-way or rights of way and all rights and privileges herein granted shall be fully canceled and terminated.

10. Grantor reserves the right to the use and enjoyment of the Surface Land except for the purposes herein granted, but such use shall not hinder conflict or interfere with Grantee's surface hereunder or disturb the road or roads. Grantor agrees not to build, create, construct or permit to be built, created or constructed, any obstruction, building, lake, engineering works or other structure over or on the right-of-way or rights of way herein granted.

11. Grantee shall pay to Grantor all damages to Grantor's hayfields, timber and personal property caused by the construction of any roads hereunder.

12. Grantee shall indemnify, defend, save and hold harmless Grantor from any and all claims, demands, causes of action or liability for damages, loss or injuries which arise out of Grantee's operations on the Land.

The terms, covenants, and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their successors, and assigns and the rights and easements herein granted shall be assignable together or separately, wholly or in part.

IN WITNESS WHEREOF, the Agreement is executed the date first set forth above.

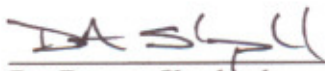
GRANTOR

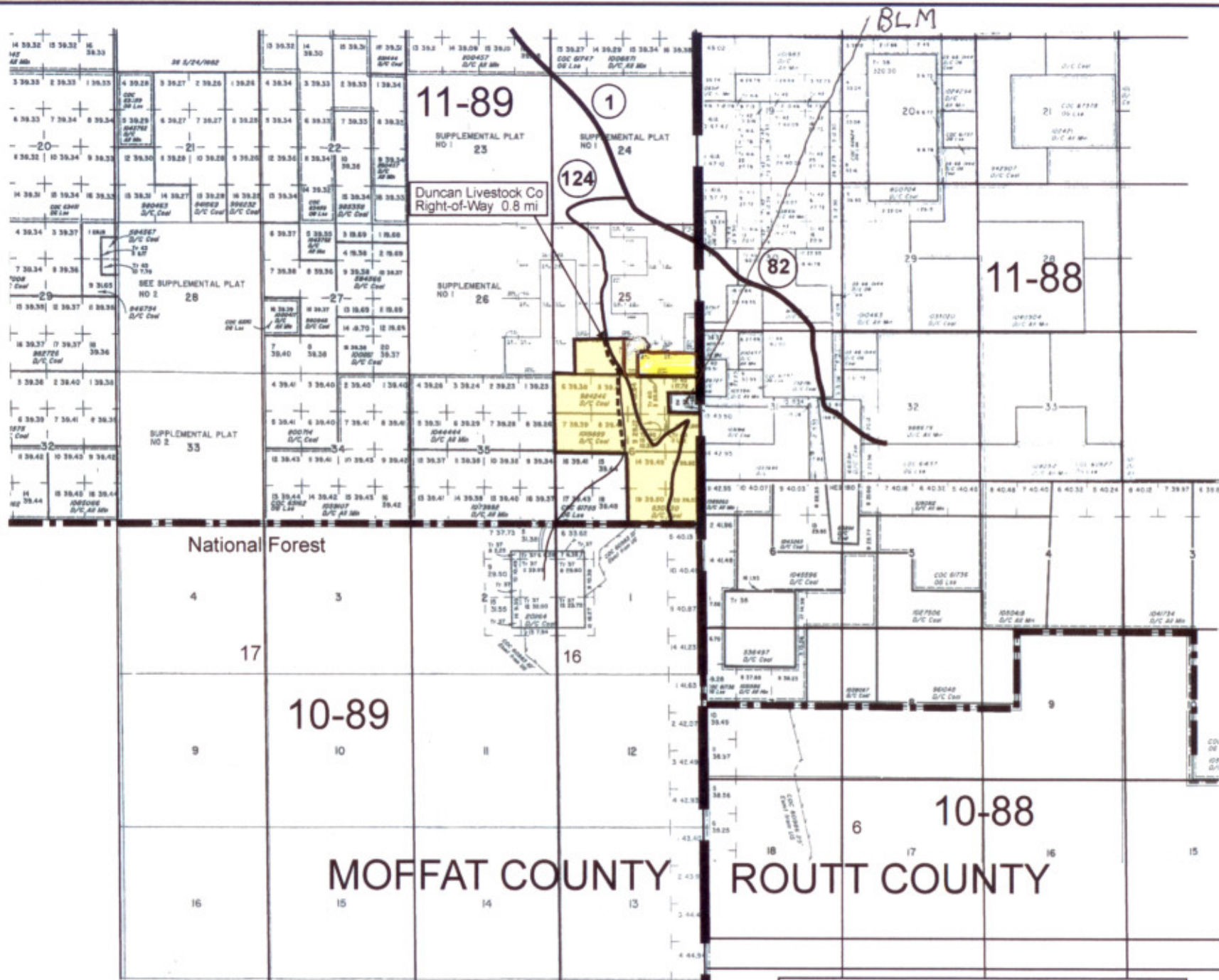
Duncan Livestock Company


By: Duane Duncan
Title: Vice President

GRANTEE

Petroleum Resource Management, Corp


By: Duncan Shepherd
Title: President



Duncan Livestock Company - PRM
Right-of-Way Agreement
EXHIBIT 1