

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):

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