

SURFACE USE AGREEMENT

THIS AGREEMENT is made and entered into this 1st day of September 2010, by and between Samuel M. McIntyre, P.O. Box 125, Maybell, Colorado 81640 ("Surface Owner"), and Durango Pipeline Corp., a Texas corporation, 4305 N. Garfield Street, Suite 200B, Midland, Texas, 79705 ("Durango").

This agreement covers the lands, drillsite and well location of a new well in the NW/4 of Section 11, Township 7 North, Range 94 West, Moffat County Colorado (the "Property"). Durango and Surface Owner have agreed that Durango will pay Surface Owner \$10000.00 for the Drillsite and \$12.50 per rod for road and pipeline Right of Ways. Durango will pay Surface Owner \$1000.00 per year until lease is abandoned for road usage and maintenance.

In consideration of such payment and in consideration of the covenants and obligations set forth herein. Durango and Surface Owner agree as follows:

1. Said payment constitutes the full and entire consideration to be paid by Durango for the use of the surface and all damages except as provided in paragraph (2) hereof to the land associated with the drilling, testing, completion, recompletion, reworking, re-entry, pumping, operation and maintenance of the Drillsite located on the Property. The payment is for all damages to the Property, including, but not limited to, damages to growing crops, sod, damage to croplands, removal, transportation and care of livestock, construction of access roads, preparation and use of the Drillsite area, preparation and use of reserve pits, and construction, installation, and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient for the production, transportation and sale of oil, gas and other materials produced by or used for production of oil and /or gas from the Property. With respect to the construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient for the production, transportation and sale of oil, gas and other materials produced by or used for the production of the above wells, Durango may exercise the rights granted by this Agreement at any time and from time to time without further or additional consideration being payable to Surface Owner.
2. If, by reason of Durango's operations, there is damage to personal property located on the Property or if there is damage to the Property caused by the negligence of Durango or an unreasonable use of the Property by Durango that is not associated with reasonable and normal drilling, testing, completion, recompletion, reworking, re-entry, pumping, production and maintenance operations, such as damage to structures, fences, culverts and cement ditches, such damage shall be repaired or replaced by Durango or Durango shall promptly pay Surface Owner for such damage.
3. With respect only to the subject matter of paragraph (1) above, Surface Owner agrees to indemnify and hold Durango harmless from all claims, demands, liability and actions against Durango by any other surface owner, surface tenant or occupant of the Property arising out of damage by Durango to the Property or growing crops thereon caused by the operations contemplated by paragraph (1) above asserted by any such other surface owner, surface tenant or occupant. Surface Owner may allocate the payments made hereunder with any surface owner, surface tenant or occupant as they shall mutually determine between themselves and Durango shall have no liability therefor.
4. As between Surface Owner and Durango, Surface Owner shall have no liability for the release or discharge by Durango, its contractors or agents, of oil, gas or any other substance on or under the Property, except as any such release or discharge is caused in whole or in part by Surface Owner, Surface Owner's tenant, licensees, invitees, or agents and Durango will

indemnify and hold Surface Owner harmless from and against all costs and expenses (including reasonable attorneys' fees) for any such release or discharge by Durango.

5. This Agreement constitutes written consent of Surface Owner for Durango to proceed with the drilling, testing, completion, recompletion, reworking, re-entry, pumping, operation, maintenance of the Drillsite including but not limited to the placement of a temporary surface pipeline on the Property.
6. Except as provided in paragraph (2) hereof, for cases of unreasonable surface use and/or negligence by Durango, Surface Owner, for itself, and its successors and assigns, does hereby, release, relinquish and discharge Durango, its successors and assigns from all claims, demands, damages and causes of action, past, present and future, that Surface Owner may have by reason of the occupancy of the Property and for the drilling of the wells and all other damage or injury to the Property caused by the drilling, completion, recompletion, reworking, re-entry, pumping, operation and maintenance of the wells and Surface Owner accepts the above payment as full compensation therefor.
7. Durango shall reasonably cooperate with Surface Owner to comply with Surface Owner's list of requirements attached hereto as Exhibit "A".
8. Surface Owner agrees to keep confidential this Agreement and all negotiations leading up to or relating to this Agreement. Surface Owner shall not copy or distribute this Agreement or disclose the substance hereof or the nature of such negotiations to others outside of Durango unless required to do so by law. Provided, however, Surface Owner will provide a copy of the Agreement to any potential successor or assign of Surface Owner prior to the closing of any sale of all or any portion of the Property.
9. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

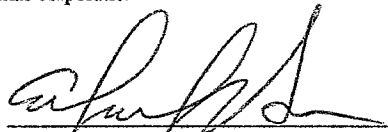
EXHIBIT "A"

Attached to and by reference made apart of that certain Surface Use Agreement dated August 1, 2010, by and between Durango Pipeline Corp., as Durango and William Russell Hodson, as "Surface Owner"

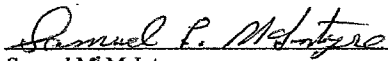
1. Make reasonable efforts to protect the grass at all time. Mow, not scrape areas of new construction to help assure that the roots will survive and so that erosion will be minimized. To the extent possible, Durango and its contractors will park on the shale or construction easement, not on the grass.
2. Pick up all trash proximate to the Drillsite and that portion of the property used by Durango whether dropped by Durango or not.
3. Maintain off the Property vehicles and equipment not related to the well(s) on the Property.
4. To the extent reasonably practical, conduct operations only in dry conditions not mud.
5. Park unused equipment off the Property.
6. Place construction materials in the easement or on Drillsite or compressor site.
7. Use wooden survey stakes not pinflags and flagging materials.
8. Close all fences if you are not standing at the opening.
9. Leave gates as found, open or closed.
10. Close, fence or guard all open holes, lines or ditches.
11. Report all unusual activities to Mike Sullivan at 303-681-5901.
12. When driving on the McIntyre Ranch stop when asked.
13. Durango and its contractors will use only approved roads.
14. Durango employees shall have no guns, dogs, alcohol or drugs on the McIntyre Ranch.
15. Be careful with fire.
16. Durango's right to enter the McIntyre Ranch is for the operations outlined in the Surface Use Agreement.

Agreed to and accepted the day and year first above written.

Durango Pipeline Corp.
A Texas corporation

By: 
Michael T. Sullivan, President

SURFACE OWNER:

By: 
Samuel M. McIntyre
L. S. L. M.
SSN or Tax ID # 523-50-5242

MEMORANDUM OF AGREEMENT

STATE OF COLORADO)
) ss.
COUNTY OF MOFFAT)

This Memorandum is made this 21st day of May, 2002, by Patina Oil & Gas Corporation ("Patina"), 1625 Broadway, Suite 2000, Denver, CO 80202.

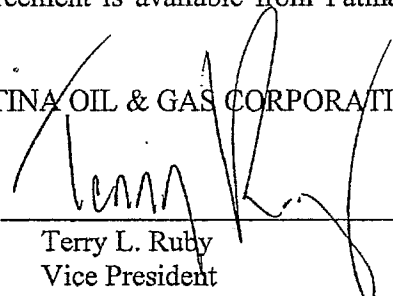
On January 10, 2002, Samuel L. McIntyre, John McIntyre and Mary Ann McIntyre ("Surface Owner") and Patina entered into a Surface Use Agreement (the "Agreement") providing for the use of the surface of the land described below by Patina in connection with certain oil and gas operations and the compensation to Surface Owner for all damages (except as provided in the Agreement) to the surface of the land associated with the drilling, testing, completion, recompletion, reworking, reentry, pumping, operation and maintenance of the wellsite located in:

Township 7 North, Range 94 West, 6th P.M.
Section 3: NE/4SE/4
Moffat County, Colorado

This Memorandum of Agreement is executed by Patina and placed of record in Moffat County, Colorado for the purpose of placing all persons on notice of the existence of the Surface Use Agreement. A true and complete copy of the Agreement is available from Patina to any person with an interest in the above described land.


David J. Koender
Secretary

PATINA OIL & GAS CORPORATION

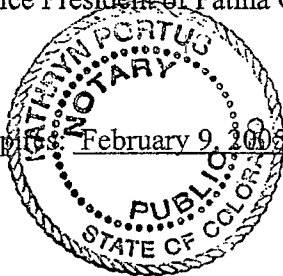
By: 
Terry L. Ruby
Vice President

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

The foregoing instrument was acknowledged before me this 21st day of May 2002, by Terry L. Ruby as Vice President of Patina Oil & Gas Corporation.

[SEAL]

My commission expires February 9, 2003
McIntyre #1-3




Notary Public

MEMORANDUM OF AGREEMENT

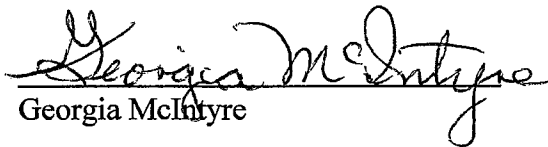
STATE OF COLORADO)
) ss.
COUNTY OF MOFFAT)

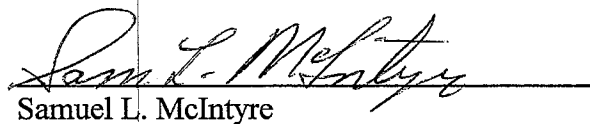
This Memorandum is made this 1st day of May, 2002, by Samuel L. McIntyre and Georgia McIntyre ("McIntyre"), P.O. Box 125, Maybell, CO 81640, and Patina Oil & Gas Corporation ("Patina"), 1625 Broadway, Suite 2000, Denver, CO 80202.

On May 1, 2002, McIntyre and Patina entered into an Access, Easement and Right-of-Way Agreement (the "Agreement") providing for access to and across the land described below, among other lands, by Patina in connection with certain oil and gas operations:

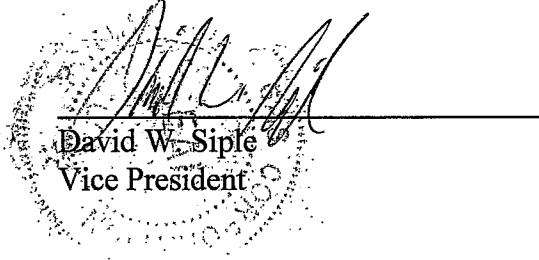
Township 7 North, Range 94 West, 6th P.M.
All or parts of Sections 3 and 4
Moffat County, Colorado

This Memorandum of Agreement is executed by McIntyre and Patina and placed of record in Moffat County, Colorado for the purpose of placing all persons on notice of the existence of the Access, Easement and Right-of-Way Agreement. A true and complete copy of the Agreement is available from Patina to any person with an interest in the above described land.

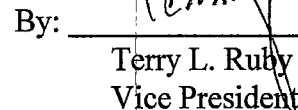

Georgia McIntyre


Samuel L. McIntyre

ATTEST


David W. Siple
Vice President

PATINA OIL & GAS CORPORATION

By: 
Terry L. Ruby
Vice President

STATE OF COLORADO)
) ss
COUNTY OF MOFFAT)

The foregoing instrument was acknowledged before me this 6th day of May, 2002, by
Samuel L. McIntyre and Georgia McIntyre.



8/24/05

My commission expires: February 9, 2005

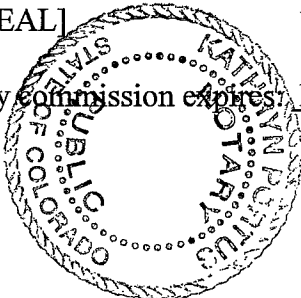
Tamm Stoffle
Notary Public

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

The foregoing instrument was acknowledged before me this 1st day of May, 2002, by
Terry L. Ruby as Vice President of Patina Oil & Gas Corporation.

[SEAL]

My commission expires: February 9, 2005



Kathy Parls
Notary Public