

**SURFACE DAMAGE AGREEMENT**

MAY 13 1999

KNOW ALL MEN BY THESE PRESENTS, THAT

WHEREAS DON RICHARD TURNER, individually and as Trustee of the RICHARD LEO TURNER FAMILY TRUST (hereinafter referred to as "Owner", whether one or more), whose address is Route 1, Box 111, Elkhart, Kansas 67950, is the owner of the following described lands situated in the County of Baca, State of Colorado, to-wit:

Township 34 South, Range 41 West, 6th P.M.
Section 28: S/2

containing 320.00 acres, more or less, hereinafter referred to as "said land"; and

WHEREAS, ENERGY ALLIANCE COMPANY, INC., whose mailing address is Post Office Box 4461, Englewood, Colorado 80155 (with its agents and assigns, hereinafter referred to as "Company") proposes to clear wellsites and access roads on and across said land.

NOW, THEREFORE, in consideration of the sum of ONE THOUSAND FIVE HUNDRED DOLLARS total (**\$1,500.00**), proportionately reduced to interest of Owner, and other valuable consideration in hand paid, the receipt of which is hereby acknowledged, the Owner does hereby release the Company from any and all claims for damage to future crops and the surface of the land which have arisen, or may arise from, out of, or in connection with necessary and reasonable oil and gas operations for the CREEK #1-28 on said land, including the building of the drillsite and the use therefore, the initial completion of the well drilled on the drillsite and the establishment of the tank battery and setting of production equipment and laying of pipelines necessary for the production of the herein described well and accepts the above payment as full compensation for all such damages subject to the following terms and conditions, to-wit:

1. The CREEK #1-28 wellsite shall be located in the Northwest Quarter of the Northwest Quarter of the Southeast Quarter of the Section, Township and Range aforementioned, being according to and within the governing regulations.
2. The topsoil shall be removed from the area over the pits, stockpiled and held in reserve until the contour of the site is re-established. The wellsites shall be ripped and returned to the original slope and contour and cleared of drilling mud and oil following completion operations.
3. Company agrees to install culverts as needed to maintain present land drainage and irrigation, so long as the wells are produced. Owner does hereby give permission to install said culverts.
4. During drilling operations, Company agrees to install a single-strand hotwire fence along both sides of the lease road and around the drillsite location for the CREEK #1-28.
5. Any subsequent operations for said well, except in case of emergency, require prior notice to landowner and shall require payment of all actual damages caused by said operations to growing crops and damages to real or personal property resulting therefrom.
6. Consideration herein stated shall be for damage to maximum of 2.1 acres per wellsite, being 90,000 square feet plus access roads. Each drillsite shall be 300 feet by 300 feet square. Damages to any acreage in excess of 2.1 acres shall be compensated to Owner for actual loss by Company.
7. In the event that commercial production is established, Company will install a fence around the wellsite to include sufficient room for the wellhead, any pumping unit and/or equipment which may be required at a later date, including adequate space

**SURFACE DAMAGE AGREEMENT
CREEK #1-28 WELL
Page 2**

for a well-servicing rig to rig up and perform service to the well, as may be required.

8. If, by reason of activities of Company, including but not limited to drilling, completion, equipping, and operating of the wells upon the premises, there is damage to the tangible, real or personal property of the Owner, including but not limited to irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation and drainage systems, the Company shall repair or replace such items after consultation with and to the complete satisfaction of the Owner. Any items damaged after well construction shall be brought to the attention of the Company immediately and shall be repair or replaced after consultation with the Owner within thirty (30) days of occurrence.

9. Company will be responsible for maintaining the lease road in safe and operable state or condition during the term of this Agreement. Upon plugging the wellbore for the CREEK #1-28, roads and location shall be returned to their original (or better) condition.

10. All operations shall be conducted in a diligent manner and in accordance with the highest standards of the oil and gas industry in Baca County.

11. Notwithstanding any other provisions hereof, Company agrees that all trash, refuse pipe, equipment, liquids, chemicals, reasonable amounts of drilling mud, or other materials brought onto the property that are not necessary for the continued operation of said well, shall be removed and disposed of away from the property not later than ten (10) days after completion of said wells. No such items shall be burned or buried on the property.

12. At time of abandonment, and/or reclamation of the CREEK #1-28 wellsite, Company shall spread manure and reseed the wellsite with native grass.

It is agreed that time is of the essence and that failure to perform obligations as provided herein shall entitle the party not in default to bring an action in the District Court of Baca County for damages, for enforcement of the within Agreement, or for injunctive relief.

This Agreement shall be binding upon the parties hereto, their heirs, successors and assigns and shall run with the land described hereinabove.

This Agreement is entered into in the State of Colorado and shall be governed and interpreted by the laws of such State.


All parties agree that if right-of-way purchase is required for the purposes of pipeline or gathering construction, Company shall pay TEN DOLLARS (**\$10.00**) per rod to the Owner of the property as compensation for damages and said right-of-way.


IN WITNESS WHEREOF, this Surface Damage Agreement is executed this _____ day of May, 1999.

OWNER:

COMPANY:

ENERGY ALLIANCE COMPANY, INC.


DON RICHARD TURNER, individually and as
Trustee of the RICHARD LEO TURNER
FAMILY TRUST

By 
Rick Wighams, President