

4. Lessor reserves the continuing right, at its cost and expense, to take in kind or separately dispose of its royalty share of the oil and gas produced from the Lease Premises as of the first day of the month following _____ advance written notice to Lessee.
5. NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, IT IS DISTINCTLY UNDERSTOOD AND AGREED THAT LESSOR DOES NOT, AND HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY OF TITLE, EITHER EXPRESS OR IMPLIED, AS TO ALL OR ANY PORTION OR PORTIONS OF THE LEASE PREMISES.
6. The rights of Lessor hereunder may be assigned in whole or in part; however, the rights of Lessee shall not be assigned without the written consent of Lessor and such consent shall not be unreasonably withheld. No change or division of ownership of the minerals covered hereby or royalties, however accomplished, shall increase the obligations or diminish the rights of Lessee, nor shall any such change or division be effective _____ days after Lessee shall have been furnished with a certified copy of recorded instrument or instruments evidencing same.
7. Lessee will not lease from any person claiming adversely to Lessor without prior notice to Lessor.
8. Lessee shall have the right at any time during or within _____ after the expiration of this lease to remove all property and fixtures owned by Lessee on the Lease Premises.
9. Except as provided in paragraph _____ the expiration of the Primary Term hereof, this lease shall terminate _____ which a well producing from the Williams Fork formation is not located. The provisions of the foregoing shall be applicable _____ tract basis. Within _____ after any termination, Lessee, its successors and assigns, agree to prepare and execute a release of this lease or any portion of this lease which is terminated. Any such release shall forthwith be filed for record by Lessee in the county where the land is situated, and the recorded instrument, or a certified copy of the recorded instrument by the County Clerk of the county in which the instrument is recorded, shall be furnished to Lessor. It is agreed that as long as this lease remains in force as to any part of said land, existing roads, pipelines and gathering systems on those portions of the land as to which this lease expires may, nevertheless, be used by lessee, its successors and assigns, only to the extent necessary for ingress and egress for gathering, transporting, treating, processing, and storing oil and/or gas produced from the land as to which this lease remains in force.
10. If Lessee is rendered unable, wholly or in part, by a force majeure event to carry out its obligations under this Lease, other than the obligation to make money payments, the Lessee shall give the Lessor prompt written notice describing the force majeure event in reasonable detail. Thereupon, the obligations of the Lessee, so far as it is affected by the force majeure event, shall be suspended during, but no longer than, the continuance of the force majeure event. The Lessee shall use all reasonable diligence to remove the force

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majeure event as quickly as practicable. The requirement that any force majeure event be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts or other labor difficulty by Lessee, contrary to its wishes, and settlement or resolution of such matters shall be within the discretion of Lessee. The term force majeure event as used herein, shall mean an act of God, act of terrorism, strike, lockout or other industrial disturbance, act of the public enemy, war, blockage, public riot, lightening, fire, storm, flood, explosion, governmental action, restraint or inaction, inability to obtain access, ingress or egress to conduct operations, and any other cause, whether similar or dissimilar, which is not reasonably within the control of Lessee.

11. Lessor does not warrant title, either express or implied, to the Lease Premises, but it is agreed that if Lessor owns an interest in said land less than the entire fee simple estate in the oil and gas, then the royalties to be paid Lessor shall be reduced proportionately in accord with the interest owned.
12. Lessee agrees to furnish Lessor with cores, samples, logs and other information and data relating to any well drilled hereunder, together with such other information and data reasonably requested by Lessor, and normally supplied in connection with evaluating the results of wells.
13. Lessee acknowledges and agrees that the Lessor, as owner of the oil shale deposits (which are expressly excluded from this lease) present within the lands covered in whole or in part by this lease, holds the dominant mineral estate. Lessee agrees to the following stipulations for the protection of oil shale:
 - a. No wells will be drilled for oil or gas except upon approval by Lessor, which approval shall not be unreasonably withheld. Drilling will be permitted only in the event that it is established to the satisfaction of the Lessor that such drilling will not interfere with the mining and extraction of the shale oil;
 - b. No well will be drilled for oil or gas at a location which, in the opinion of Lessor, would result in undue waste of oil shale deposits or constitute a hazard to or unduly interfere with operations being conducted for the mining and recovery of oil shale deposits or the extraction of oil shale deposits or the extraction of shale oil by in situ methods;
 - c. The drilling or the abandonment of any well on the lease Premises within an oil shale area will be done in accordance with applicable oil and gas operating regulations including such requirements as the Lessor may prescribe as necessary to prevent the flow or infiltration of oil, gas, or water into formations containing oil shale deposits or into mines or workings being utilized in the extraction of such deposits;
 - d. Directional surveys of all holes drilled from surface to total depth;
 - e. All wells will be cased and cemented to adequately protect all fresh water zones from gas bearing zones in accordance with Colorado Oil and Gas Conservation Commission (COGCC) Rule 317;

f. All cementing and plugging procedures will be initiated in accordance with COGCC Rule 319.

If any producing well or other facility interferes with planned oil shale operations or other surface use required by Lessor, Lessor reserves the right to (1) drill a replacement well at its cost, (2) relocate the facilities at its cost, or (3) pay Lessee the fair market value of the remaining reserves.

14. Lessee shall construct all roads and well pads in accordance with sound engineering practices. Plans and specifications as set out on Lessee's Application's for Permits to Drill (ADP's) shall be submitted to Lessor for review and approval prior to construction. Other conditions shall apply as follows:

a. No use or possession of firearms, explosives, weapons, alcoholic beverages, illicit or unprescribed controlled drugs or drug paraphernalia, or dogs are allowed on the Lease Premises. There shall be no hunting allowed on the Lease Premises. Lessee agrees to notify all of its contractors, agents and employees of these restrictions. Any individual or company that violates this provision will be denied access by Lessor.

b. Access to any well shall be limited to required personnel only. Lessee shall notify Lessor twenty-four (24) hours prior to entry by non-required personnel, including but not limited to regulatory agencies, provided Lessee is aware of the need for entry.

c. Field trailers required on site shall be fully self-contained, adhere to Garfield County rules and regulations, and disposal of all sewage and waste shall be made off the Lease Premises in accordance with local and/or state disposal regulations.

d. Lessee shall control noxious weeds of any kind that develop on the Lease Premises. Any non-biodegradable chemical spraying of soil for weed control shall require advance approval by Lessor.

e. Reserve Pit Provisions:

1. All pits will be closed within one drying season or one year in conformance with COGCC regulations and only after the prior inspection by Lessor.

2. Pits shall not deviate from the cross sections of the pit and pad as shown on the survey plats for each well drilled on the Lease Premises.

3. All pits shall be constructed in accordance with the COGCC 900 Series regulations and shall maintain a 2-foot freeboard at all times below the ground surface. Berms shall be constructed around each pit to prevent pit water from escaping from the pit. The berm shall not be used in determining the amount of freeboard in the pit.

4. There shall be no excavation beyond the pit edges so as to create extra space to soak up fluids.

5. All fluids will remain within freeboard limits.
6. If requested by Lessor, Lessee shall utilize lined pits and/or a "closed" mud system in its drilling operations.
- f. After drilling and completion operations, there shall be no open production pits on the Lease Premises.
- g. There shall be no storage of equipment and/or stacking of rigs on the Lease Premises, except for temporary storage of equipment related to the mobilization / de-mobilization of rigs being utilized by Lessee on the Lease Premises.
- h. Following completion of any well and reclamation, if requested by Lessor, the entire well pad shall be fenced with smooth three-strand wire.
- i. All trees required to be cleared to accommodate the well pad location shall be cut to firewood length and stacked on-site.
- j. Well pad locations shall be constructed to comply with the Colorado Department of Public Health and Environment (CDPHE) Stormwater Discharge Regulations. Erosion and sediment control measures will be employed before, during, and after drilling and completion activities to prevent erosion resulting from storm events. Stormwater erosion and sediment controls to be employed by Lessee shall be approved by Lessor prior to commencement of construction activities. Erosion controls proposed for this project shall be maintained until re-vegetation has been established to within 70% of pre-disturbance conditions.
- k. All production tanks (condensate or water) shall be placed on non-permeable liners and surrounded by metal containment walls at least 3-feet in height. The liners shall be secured at least two feet above the ground surface and onto the metal containment walls.
- l. Should any discharge, leakage, spillage, emission, or pollution of any type occur upon the Lease Premises as a result of Lessee's operations, Lessee, at its expense, shall be obligated to clean the affected lands to the satisfaction of Lessor to meet applicable state and federal standards, and any governmental body having jurisdiction. **Lessee agrees to indemnify, hold harmless and defend Lessor against all liability, cost and expense (including without limitation any fines, penalties, judgments, litigation costs and attorneys fees) incurred by Lessor as a result of any such discharge, spillage, emission or pollution that is a result of Lessee's operations, regardless of whether such liability, cost, or expense arises during or after the term of this Lease, unless such liability, cost or expense is proximately caused by the active negligence of Lessor.**
- m. Lessee must either set and cement surface casing on all wells located on a single well pad prior to the commencement of completion operations on any well located on the well pad, or temporarily abandon any producing well on the pad, setting a

plug within fifty feet (50') of the shallowest producing horizon prior to commencing operations on a new well located on the well pad.

n. Lessee shall provide Lessor with a copy of their emergency response plan along with a list of 24-hour emergency contacts responsible for this project prior to commencement of any field activities.

15. Reclamation: During construction, topsoil will be isolated from other soils and placed and stacked per EnCana requirements and kept out of the drainage. All cuts, fill slopes, pit and topsoil piles and soil piles will be stabilized and revegetated immediately following construction. Land surrounding any well pads will be brought back to a 3-1 slope during interim reclamation. All areas of soil disturbance shall be smooth graded, cultivated to provide a loose seed bed of a minimum of 6 inches in depth, fertilized with 250 pounds of 46-0-0 per acre, seeded with the seed mixture listed below, and mulched with 1 1/2 tons of grass hay crimped into the soil. It is Lessee's responsibility to continue to maintain stormwater erosion controls during this phase of reclamation as well. Lessor retains the option of altering the seed mixture before seeding is conducted. The intent is to revegetate the site in order to control erosion, weed growth and preclude the need to return the site to a "natural pre-existing condition" which is costly and not beneficial to either Lessor and Lessee.

<u>Species</u>	<u>Origin</u>	<u>Pounds Pure Live Seed Per Acre</u>
Western Wheatgrass	Rosana	4.0
Sideoats Grama	Vaughn	2.0
Basin Wildrye	Magnar	3.0

16. All of the provisions hereof shall be binding on Lessor and Lessee and their respective successors and assigns.
17. This Agreement may not be modified or amended except pursuant to a written agreement signed by all of the parties hereto.

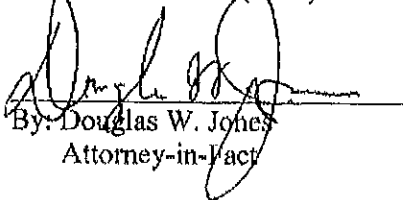
IN WITNESS WHEREOF, this instrument is executed on this 5th day of July, 2006.

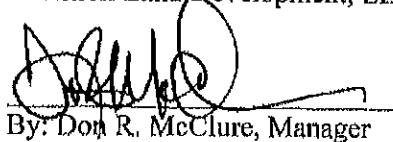
LESSEE

LESSOR

EnCana Oil & Gas (USA) Inc.

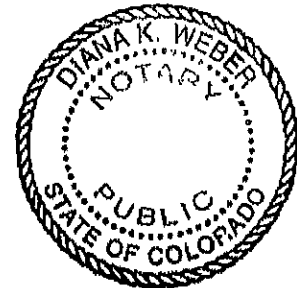
Pavillion Land Development, LLC


By: Douglas W. Jones
Attorney-in-fact


By: Don R. McClure, Manager

V40
JMB

Acknowledgements



STATE OF COLORADO)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 5th day of July 2006, by Douglas W. Jones as Attorney-in-Fact of EnCana Oil & Gas (USA) Inc.

My Commission Expires 06/23/2009

My Commission Expires:

Notary Public

6/23/09

Diana K. Weber

STATE OF COLORADO)
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 5th day of July 2006, by Don R. McClure as Manager of Pavillion Land Development, LLC.

My Commission Expires:

Notary Public

6/23/09

Diana K. Weber



My Commission Expires 06/23/2009

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Exhibit A

Attached to and made a part of that certain Lease Agreement dated
June 7, 2006, by and between Pavillion Land Development, LLC, Lessor, and
EnCana Oil & Gas (USA) Inc., Lessee

All mineral interests conveyed by Union Oil Company of California to Tom Brown, Inc. in that
certain Quit Claim Deed dated June 11, 2004, and recorded in Book 1602 at Page 342 in the
following described lands:

Township 5 South, Range 95 West of the 6th P.M.,
Township 5 South, Range 96 West of the 6th P.M.,
Township 6 South, Range 96 West of the 6th P.M., less and except
Section 4: Lots 10, 12, NW/4SW/4
Section 9: Lots 10, 11, 12 and 13
Section 16: Lots 13, 14, E/2SW/4
Section 27; Section 28: E/2; Sections 32, 33, 34 and 35

Garfield County, Colorado