



February 9, 2010

**VIA EMAIL TO [jwinters@wh-h.com](mailto:jwinters@wh-h.com)  
AND U.S. MAIL**

Jerry D. Winters  
5754 W. 11<sup>th</sup> Street  
Greeley, Colorado 80634

Dixie Ann Hoffner  
30300 WCR 57  
Gill, Colorado 80624

Re: Winters Wells  
Township 5 North, Range 65 West of the 6th P.M.  
Section 3: NWNW, W/2SWNW, W/2NWSW, all that part  
Weld County, Colorado

Dear Mr. Winter and Ms. Hoffner:

This surface agreement will confirm and set forth the terms of an agreement that you and I reached in our conversation of January 5, 2010 concerning the operations of Kerr-McGee Oil & Gas Onshore LP ("KMG") on the referenced property. We agreed to execute this surface agreement to allow KMG to move forward with its oil and gas operations while KMG and Jerry D. Winters and Dixie Ann Hoffner ("Surface Owner") negotiate a more detailed and definitive surface use agreement. KMG understands that the agreement to negotiate on the more detailed and definitive surface use agreement in good faith and consistent with the understanding and agreements set forth herein is a material term to Surface Owner's willingness to sign this letter agreement and agree to the terms hereof. The promises exchanged in this surface agreement are valuable consideration and a memorandum of this surface agreement shall be recorded in the records of Weld County, Colorado. Attached and made part of this agreement is Exhibit A showing the locations as described in below. Accordingly, the parties agree to the following:

1. KMG may drill no vertical wells on your property, and all rights to do so are hereby expressly waived.
2. KMG may drill eight (8) directional "318A-e" wells, entirely at its own expense, from surface locations at:

KMG 22-3                      SWNW of Section 3

KMG 23-3                      NWSW of Section 3

P.O. Box 173779, Denver CO 80217-3779  
1099 - 18<sup>th</sup> Street, Suite 1800, Denver, CO 80202  
720-929-6000

KMG 29-3	SWNW of Section 3
KMG 30-3	SWNW of Section 3
KMG 31-3	SWNW of Section 3
KMG 32-3	SWNW of Section 3
KMG 33-3	NWSW of Section 3
KMG 35-3	NWSW of Section 3

These wells may be used to reach oil and gas resources that are located partially or entirely under the surface property of another landowner so long as KMG has rights to such oil and gas resources. The projected royalties surface owners will receive are set forth on Exhibit B attached hereto, which is an e-mail for Terry Enright to Jerry D. Winters dated October 13, 2009, and the surface for the six well pad will be approximately 2.45 acres, and the surface for the four well pad will be approximately 2.2 acres. A copy of the aerial photo is attached hereto as Exhibit C, which shows the location of the six wells and the location of the four wells.

3. KMG may drill two (2) directional wells to accommodate Surface Owner's request for directional drilling to a legal drilling window location on Surface Owner's property. The surface location for these wells will be located at

KMG 18-3	SWNW of Section 3
KMG 19-3	NWSW of Section 3

and the planned bottomhole location will be at

KMG 18-3:	1320'FNL	1320'FWL.
KMG 19-3:	1320'FSL	1320'FWL

4. KMG will absorb the cost of directionally drilling the well described in Paragraph 3.
5. KMG will compensate Surface Owner for any ordinary surface damages, including but not limited to the use of oil and gas operations areas, access ways, surface facilities such as tank batteries and separators, flowlines, gathering lines and related equipment [REDACTED] at the time approved drilling permits for the ten wells listed in Paragraphs 2 and 3 are

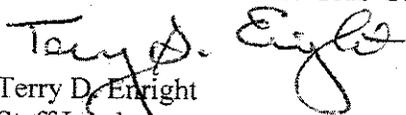
received from the Colorado Oil and Gas Conservation Commission ("COGCC"). If approved drilling permits are not received within one hundred and eighty (180) days of the execution of this agreement, this agreement will become null and void and no monies will be paid.

6. Surface Owner will execute any COGCC property line waivers, if necessary, as well as other COGCC waivers that may be necessary to drill the wells identified in Paragraphs 2 and 3 at the locations specified in Paragraphs 2 and 3 of this surface agreement. The waivers will be signed by Surface Owner simultaneously to the execution of this agreement.
7. Both KMG and Surface Owner shall support and not object to any permit or land use applications either may file so long as such applications are consistent with this letter agreement.
8. A memorandum of this agreement shall be recorded in the records of Weld County, Colorado.

If Surface Owner agrees that this surface agreement accurately reflects the understanding of KMG and Surface Owner with respect to the subject matter hereof, please sign and date both originals of this surface agreement in the space indicated below, return one to me in the enclosed self-addressed stamped envelope, and retain one for your files. Do not hesitate to contact me if you have any questions.

Sincerely,

**KERR-MCGEE OIL & GAS ONSHORE LP**

  
Terry D. Enright  
Staff Landman

**AGREED TO AND ACCEPTED:**

 2-11-10  
Jerry D. Winters Date

 2-11-10  
Dixie Ann Hoffner Date

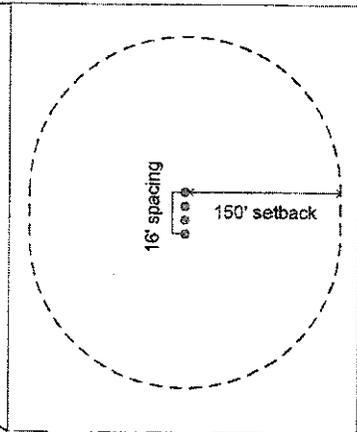
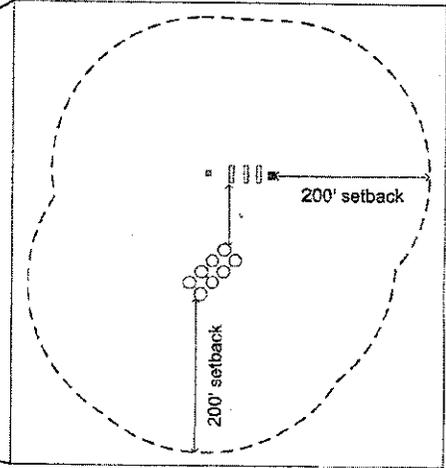
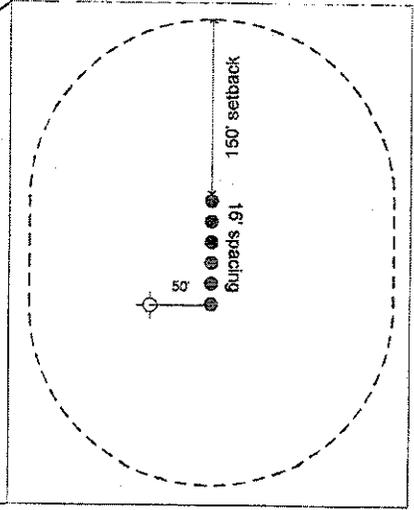
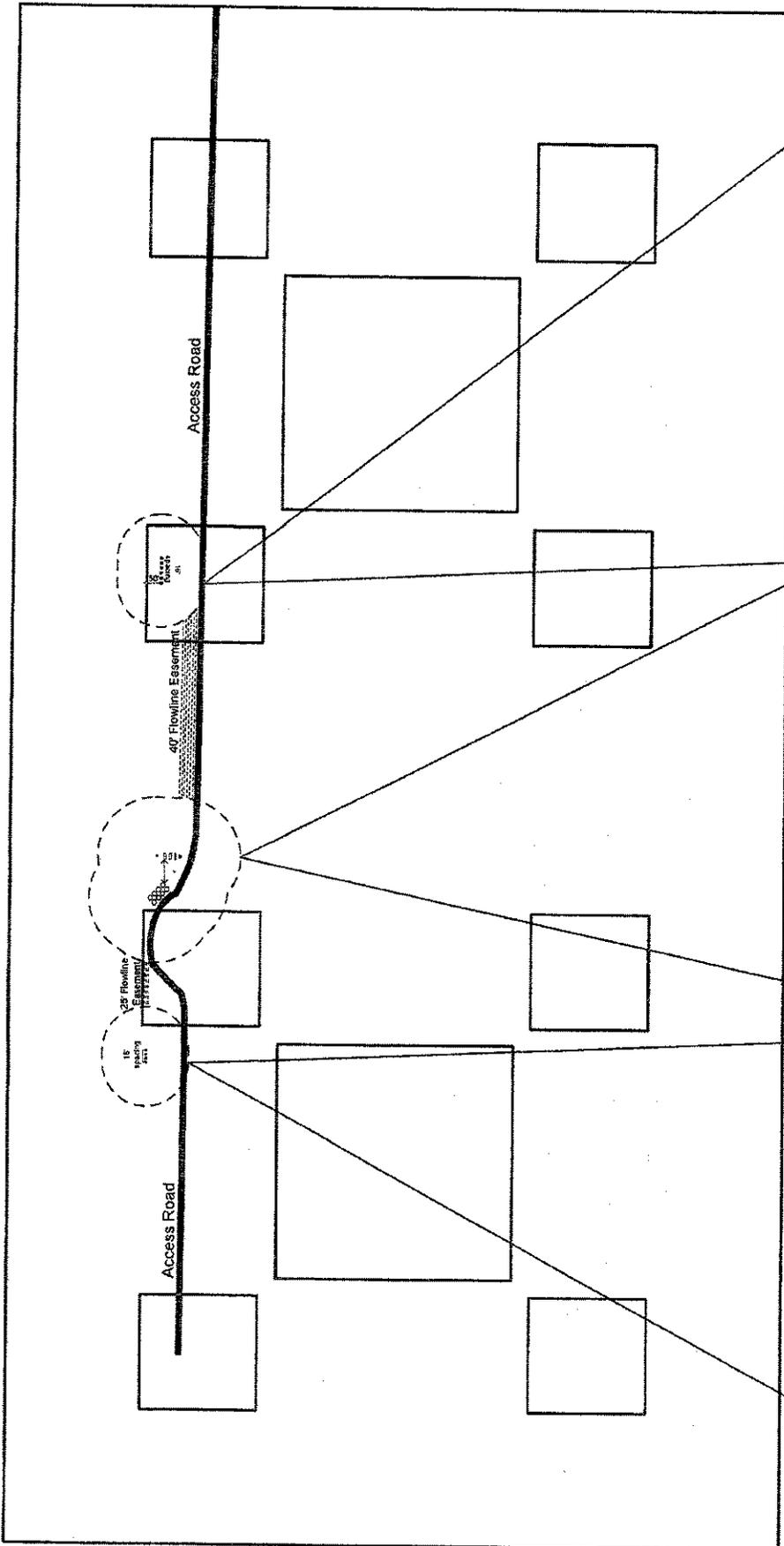
cc: David Bell

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**EXHIBIT A**  
To Letter Agreement

[Location of Wells]

5N65Wsec3  
Winters  
Exhibit A



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**EXHIBIT B**  
To Letter Agreement

[Projected Royalties]

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**EXHIBIT C**  
To Letter Agreement

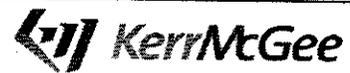
[Aerial Photo]



*This aerial photo and all positions and depictions thereon is provided as a courtesy, and is intended to be used for general reference purposes only. Kerr-McGee/Anadarko in no way warrants or represents the accuracy or the completeness of the information appearing on this aerial photo and any reliance on it for any purpose whatsoever is at the sole risk of the party so relying.*



-  Access Road
-  KMG Gathering Line
-  Duke Pipeline
-  RGS Pipeline
-  Proposed Flowline
-  Legal Drilling Window
-  Exist Battery Location
-  New Battery Location
-  Proposed Wellhead
-  Bottomhole Location



**Aerial Photo  
Sec. 3-T5N-R65W  
Weld County, CO**

Author:  
**Teddy Ruampant**

Edited By:  
**Dave Haertel**

Last Edited:  
**8/7/2009**