

Mary Ann No. 20	Sec. 35:	Lots 1, 2, 3, and 4 (S 1/2 S 1/2)
Mary Ann No. 21	Sec. 34:	Lots 1, 2, 3, and 4 (S 1/2 S 1/2)
Mary Ann No. 22	Sec. 34:	N 1/2 S 1/2
Mary Ann No. 23	Sec. 34:	S 1/2 N 1/2
Mary Ann No. 24	Sec. 34:	N 1/2 N 1/2
Mary Ann No. 25	Sec. 27:	S 1/2 S 1/2
Mary Ann No. 26	Sec. 27:	N 1/2 S 1/2
Mary Ann No. 27	Sec. 27:	S 1/2 N 1/2
Mary Ann No. 28	Sec. 27:	N 1/2 N 1/2
Mary Ann No. 29	Sec. 22:	S 1/2 S 1/2
Mary Ann No. 30	Sec. 22:	Lots 3, 4, 5, and 6 (N 1/2 S 1/2)
Mary Ann No. 31	Sec. 22:	Lot 2, S 1/2 NW 1/4, SE 1/4 NE 1/4 (S 1/2 N 1/2)
Mary Ann No. 32	Sec. 22:	Lot 1, N 1/2 NW 1/4, NE 1/4 NE 1/4 (N 1/2 N 1/2)
Mary Ann No. 33	Sec. 28:	N 1/2 N 1/2
Mary Ann No. 34	Sec. 28:	S 1/2 N 1/2
Mary Ann No. 35	Sec. 28:	N 1/2 S 1/2
Mary Ann No. 36	Sec. 28:	S 1/2 S 1/2
Mary Ann No. 37	Sec. 33:	N 1/2 N 1/2
Mary Ann No. 38	Sec. 33:	S 1/2 N 1/2
Mary Ann No. 39	Sec. 33:	N 1/2 S 1/2
Mary Ann No. 40	Sec. 33:	S 1/2 S 1/2

All in Township 4 South, Range 96 West of the Sixth P.M., in Garfield County, Colorado.

2. Identity of Claimowner

Union Oil Company of California

3. Issuance of Final Certificate

a. Patent Application

C-09072

Filed: August 11, 1954

Applicant: Union Oil Company of California

b. Final Certificate

Issued: March 30, 1978

Recorded: August 16, 1978 at Book 514, Page 201,  
Reception No. 287727, Records of Garfield County,  
Colorado.

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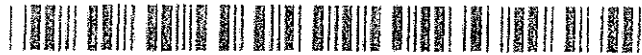
SCHEDULE 1-A39

Unocal Parcel No. 7647

(Book: 698 at Page: 589  
Recording Date: November 10, 1986  
Grantor: United States of America  
Grantee: Union Oil Company of California)

All of the following described mining claim or premises situate, lying and being in the County of Garfield and State of Colorado, to-wit:

- Madge No. 1 Placer Mining Claim,
- Madge No. 2 Placer Mining Claim,
- Madge No. 3 Placer Mining Claim,
- Madge No. 4 Placer Mining Claim,
- Florence No. 1 Placer Mining Claim,
- Florence No. 2 Placer Mining Claim,
- Florence No. 3 Placer Mining Claim,
- Florence No. 4 Placer Mining Claim,
- Florence No. 5 Placer Mining Claim,
- Florence No. 6 Placer Mining Claim,
- Florence No. 7 Placer Mining Claim,
- Florence No. 8 Placer Mining Claim,
- Fay No. 1 Placer Mining Claim,
- Fay No. 2 Placer Mining Claim,
- Fay No. 3 Placer Mining Claim,
- Fay No. 4 Placer Mining Claim,
- Fay No. 5 Placer Mining Claim,
- Fay No. 6 Placer Mining Claim,
- Fay No. 7 Placer Mining Claim,
- Fay No. 8 Placer Mining Claim,
- Hazel No. 1 Placer Mining Claim,
- Hazel No. 2 Placer Mining Claim,
- Hazel No. 3 Placer Mining Claim,
- Hazel No. 4 Placer Mining Claim,
- Hazel No. 5 Placer Mining Claim,
- Hazel No. 6 Placer Mining Claim,
- Hazel No. 7 Placer Mining Claim,
- Hazel No. 8 Placer Mining Claim,
- Edna No. 5 Placer Mining Claim,
- Edna No. 6 Placer Mining Claim,



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Edna No. 7 Placer Mining Claim,  
Edna No. 8 Placer Mining Claim,  
Gold Bug No. 1 Placer Mining Claim,  
Gold Bug No. 2 Placer Mining Claim,  
Gold Bug No. 3 Placer Mining Claim,  
Mary Ann No. 1 Placer Mining Claim,  
Mary Ann No. 2 Placer Mining Claim,  
Mary Ann No. 3 Placer Mining Claim,  
Mary Ann No. 4 Placer Mining Claim,  
Mary Ann No. 5 Placer Mining Claim,  
Mary Ann No. 6 Placer Mining Claim,  
Mary Ann No. 7 Placer Mining Claim,  
Mary Ann No. 8 Placer Mining Claim,  
Mary Ann No. 9 Placer Mining Claim,  
Mary Ann No. 10 Placer Mining Claim,  
Mary Ann No. 11 Placer Mining Claim,  
Mary Ann No. 12 Placer Mining Claim,  
Mary Ann No. 13 Placer Mining Claim,  
Mary Ann No. 14 Placer Mining Claim,  
Mary Ann No. 15 Placer Mining Claim,  
Mary Ann No. 16 Placer Mining Claim,  
Mary Ann No. 17 Placer Mining Claim,  
Mary Ann No. 18 Placer Mining Claim,  
Mary Ann No. 19 Placer Mining Claim,  
Mary Ann No. 20 Placer Mining Claim,  
Mary Ann No. 21 Placer Mining Claim,  
Mary Ann No. 22 Placer Mining Claim,  
Mary Ann No. 23 Placer Mining Claim,  
Mary Ann No. 24 Placer Mining Claim,  
Mary Ann No. 25 Placer Mining Claim,  
Mary Ann No. 26 Placer Mining Claim,  
Mary Ann No. 27 Placer Mining Claim,  
Mary Ann No. 28 Placer Mining Claim,  
Mary Ann No. 29 Placer Mining Claim,  
Mary Ann No. 30 Placer Mining Claim,  
Mary Ann No. 31 Placer Mining Claim,  
Mary Ann No. 32 Placer Mining Claim,  
A portion of the Mary Ann No. 33 Placer Mining Claim,  
A portion of the Mary Ann No. 34 Placer Mining Claim,  
A portion of the Mary Ann No. 35 Placer Mining Claim,  
A portion of the Mary Ann No. 36 Placer Mining Claim,  
A portion of the Mary Ann No. 37 Placer Mining Claim,  
A portion of the Mary Ann No. 38 Placer Mining Claim,



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K35 496 CDP to A03596 CDP

Tank Line

A portion of the Mary Ann No. 39 Placer Mining Claim,  
A portion of the Mary Ann No. 40 Placer Mining Claim,

situated in Garfield County, Colorado, described as follows:

Sixth Principal Meridian, Colorado.

T. 4 S., R. 95 W.

Sec. 19, lots 1 through 4, inclusive, E $\frac{1}{2}$ , and E $\frac{1}{2}$ W $\frac{1}{2}$ ;

Sec. 20, lots 1 through 4, inclusive, W $\frac{1}{2}$ , and SE $\frac{1}{4}$ ;

Sec. 28, lots 1 through 3, inclusive, SW $\frac{1}{4}$ , SE $\frac{1}{4}$ , SW $\frac{1}{4}$ NE $\frac{1}{4}$ , SE $\frac{1}{4}$ NE $\frac{1}{4}$  and NE $\frac{1}{4}$ NE $\frac{1}{4}$ ;

Sec. 29, all;

Sec. 30, lots 1 through 4, inclusive, E $\frac{1}{2}$ , and E $\frac{1}{2}$ W $\frac{1}{2}$ ;

Sec. 31, lots 3 through 6, inclusive, E $\frac{1}{2}$ , and E $\frac{1}{2}$ W $\frac{1}{2}$ ;

Sec. 32, all;

Sec. 33, all;

T. 4 S., R. 96 W.,

Sec. 22, lots 1 through 6, inclusive, NW $\frac{1}{4}$ , and S $\frac{1}{2}$ S $\frac{1}{2}$ ;

Sec. 23, lots 1, 2, and lots 4 through 8, inclusive, NE $\frac{1}{4}$ , S $\frac{1}{2}$ SW $\frac{1}{4}$ , and SW $\frac{1}{4}$ SE $\frac{1}{4}$ ;

Sec. 24, lots 1 through 4, inclusive, S $\frac{1}{2}$ N $\frac{1}{2}$ , and S $\frac{1}{2}$ ;

Sec. 25, all;

Sec. 26, all;

Sec. 27, all;

Sec. 28, E $\frac{1}{2}$

Sec. 33, SE $\frac{1}{4}$ ; E $\frac{1}{2}$ NE $\frac{1}{4}$ ; SW $\frac{1}{4}$ NE $\frac{1}{4}$

Sec. 34, lots 1 through 4, inclusive, N $\frac{1}{2}$ , and N $\frac{1}{2}$ S $\frac{1}{2}$ ;

Sec. 35, lots 1 through 4, inclusive, N $\frac{1}{2}$ , and N $\frac{1}{2}$ S $\frac{1}{2}$ ;

Sec. 36, lots 1 through 6, inclusive, S $\frac{1}{2}$ N $\frac{1}{2}$ , and N $\frac{1}{2}$ SW $\frac{1}{4}$ .

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SCHEDULE 1-A40

Unocal Parcel No. 7659

(Book: 293 at Page: 117  
Recording Date: May 18, 1956  
Grantor: Henrietta Ellett Frazier  
Grantee: Union Oil Company of California)

All of the following described tracts of land, situate, lying and being in the County of Garfield and State of Colorado, to-wit:

Lots One (1), Two (2), Three (3) and Four (4), the South Half of the North Half (S $\frac{1}{2}$ N $\frac{1}{2}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of Section Two (2); the East Half of the Northeast Quarter (E $\frac{1}{2}$ NE $\frac{1}{4}$ ) of Section Eleven (11), Township Five (5) South, Range Ninety-six (96) West, Sixth (6<sup>th</sup>) P.M.

EXCEPT any portion conveyed to Exxon Corporation in deed recorded December 22, 1983 in Book 640 at Page 869.

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K35 496CDP to A03596CDP  
Trunk Line

SCHEDULE 1-A41

Unocal Parcel No. 7661

(Book: 290 at Page: 72

Recording Date: November 18, 1955

Grantor: Charles Ellet

Grantee: Union Oil Company of California)

All of the following described tracts of land, situate, lying and being in the County of Garfield and State of Colorado, to-wit:

The Southwest Quarter (SW $\frac{1}{4}$ ) of Section Two (2) EXCEPT any portion conveyed to Exxon Corporation in deed recorded December 22, 1983 in Book 640 at Page 869, Lots One (1) and Two (2), the South Half of the Northeast Quarter (S $\frac{1}{2}$ NE $\frac{1}{4}$ ) and the Southeast Quarter (SE $\frac{1}{4}$ ) of Section Three (3), Township Five (5) South, Range Ninety-six (96) West, Sixth (6<sup>th</sup>) P.M.

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SCHEDULE 1-A22

Unocal Parcel No. 7624

(Book: 134 at Page: 332  
Recording Date: April 21, 1922  
Grantor: Delos D. Potter  
Grantee: Union Oil Company of California)

All of the following described mining claims or premises situate, lying and being in the County of Garfield and State of Colorado, to-wit:

The Federal No. 5, Federal No. 6, Federal No. 7, Federal No. 8, Federal No. 9, Federal No. 10, Federal No. 11, Federal No. 14, and Federal No. 15 placer mining claims, situate in Garfield County, Colorado, described as follows:

The Federal No. 5 claim comprising the Lots three and four and the south half of the northwest quarter of Section four in Township five south of Range ninety-six west of the Sixth Principal Meridian; the Federal No. 6 claim comprising the southwest quarter of said Section four; the Federal No. 7 claim, comprising the southeast quarter of Section five; said Township and Range; the Federal No. 8 claim, comprising the Lots one and two and the south half of the northeast quarter of said Section five; the Federal No. 9 claim, comprising the Lots three and four and the south half of the northwest quarter of said Section five; the Federal No. 10 claim, comprising the southwest quarter of said Section five; the Federal No. 11 claim, comprising the northwest quarter of Section eight; said Township and Range; the Federal No. 14 claim, comprising the northeast quarter of said Section eight; and the Federal No. 15 claim, comprising the northwest quarter of Section nine, said Township and Range.

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SCHEDULE 1-A44

Unocal Parcel No. 7693A, 7693B, 7693C and 7693E

(Book: 377 at Page: 106  
Recording Date: June 22, 1966  
Grantor: Eaton Shale Company  
Grantee: Union Oil Company of California)

The following described lots or parcels of land situated, lying and being in the County of Garfield, State of Colorado to wit:

D. & R. G. No. 1 Placer Mining Claim embracing Lots One (1), Two (2), Three (3), Four (4), Five (5), Six (6), Seven (7), and Eight (8) of Section Sixteen (16);

D. & R. G. No. 2 Placer Mining Claim embracing Lots Nine (9) and Ten (10) of Section Sixteen (16);

D. & R. G. No. 3 Placer Mining Claim embracing the Northwest Quarter (NW-1/4) of Section Fifteen (15);

All in Township Six (6) South, Range Ninety Six (96) West of the Sixth (6th) Principal Meridian.

The West Half of the Northwest Quarter (W-1/2 NW-1/4) and the Southeast Quarter of the Northwest Quarter (SE-1/4 NW-1/4) and the Northeast Quarter of the Southwest Quarter (NE-1/4 SW-1/4) and Northwest Quarter of the Southwest Quarter (NW-1/4 SW-1/4) of Section Twenty Three (23).

Burbank Claim, comprising the North Half of the Northeast Quarter (N-1/2 NE-1/4) and North Half of the Northwest Quarter (N-1/2 NW-1/4) Section Twenty Two (22);

Burbank No. 2 Claim, comprising the South Half of the Northeast Quarter (S-1/2 NE 1/4) and South Half of the Northwest Quarter (S-1/2 NW-1/4) Section Twenty Two (22);

Burbank No. 3 Claim, comprising the North Half of the Southeast Quarter (N-1/2 SE-1/4) and North Half of the Southwest Quarter (N-1/2 SW-1/4) Section Twenty-Two (22);

Burbank No. 4 Claim, comprising the Southwest Quarter of the Southwest Quarter (SW-1/4 SW-1/4) Section Twenty Three (23) and the South Half of the Southeast Quarter (S-1/2 SE-1/4) and Southeast Quarter of the Southwest Quarter (SE-1/4 SW-1/4) Section Twenty Two (22);



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South one-half of Federal No. 22 Claim comprising the East Half of the Northeast Quarter (E-1/2 NE-1/4) Section Twenty One (21);

Federal No. 23 Claim, comprising the East Half of the Southeast Quarter (E-1/2 SE-1/4) Section Twenty One (21), and the Southwest Quarter of the Southwest Quarter (SW-1/4 SW-1/4) Section Twenty Two (22);

Federal No. 24 Claim, comprising the West Half of the Northeast Quarter (W-1/2 NE-1/4) and West Half of the Southeast Quarter (W-1/2 SE-1/4) Section Twenty One (21);

Federal No. 25 Claim, comprising the Northwest Quarter (NW-1/4) of Section Twenty One (21);

Federal No. 28 Claim, comprising the Southwest Quarter (SW-1/4) of Section Twenty One (21);

North one-half of Federal No. 30 Claim, comprising the North Half of the Northwest Quarter (N-1/2 NW-1/4) Section Twenty Eight (28);

North one-half of Federal No. 31 Claim, comprising the North Half of the Northeast Quarter (N-1/2 NE-1/4) Section Twenty Eight (28);

North one-half of Federal No. 32 Claim, comprising the North Half of the Northwest Quarter (N-1/2 NW-1/4) Section Twenty Seven (27);

All being in Township Five (5) South, Range Ninety Six (96) West, of the Sixth (6th) Principal Meridian.

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SCHEDULE 1-A19

Unocal Parcel No. 7621

(Book: 134 at Page: 521  
 Recording Date: September 5, 1922  
 Grantor: The Federal Shale Oil Company  
 Grantee: Union Oil Company of California)

All of the following described premises situate, lying and being in the County of Garfield and State of Colorado, to-wit:

The Federal No. 3, Federal No. 4, Federal No. 12, Federal No. 13, Federal No. 16, Federal No. 17, Federal No. 18, Federal No. 19, Federal No. 20, Federal No. 21, Corregidor No. 3 and the Corregidor No. 4, placer mining claims, situate in the Parachute Mining District, Garfield County, Colorado, described as follows:

The Federal No. 3 claim comprising the southeast quarter of Section four in **Township five south of Range ninety-six west of the Sixth Principal Meridian**; the Federal No. 4 claim comprising the Lots one and two and the south half of the northeast quarter of said Section four; the Federal No. 13 claim comprising the southwest quarter of Section eight said Township and Range; the Federal No. 13 claim comprising the southeast quarter of said Section eight; the Federal No. 16 claim comprising the southwest quarter of Section nine, said Township and Range; **the Federal No. 17 claim, comprising the northwest quarter of Section sixteen**, said Township and Range; **the Federal No. 18 claim comprising the northeast of Section seventeen**, said Township and Range; the Federal No. 19 claim comprising the southeast quarter of said Section seventeen; **the Federal No. 20 claim, comprising the southwest quarter of said Section sixteen**; and the Federal No. 21 comprising the west half of the east half of said Section sixteen; and the Corregidor No. 3 claim comprising the west half of the east half of said Section nine; and the Corregidor No. 4 claim, comprising the east half of the east half of said Section nine.

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CONTRACTOR YARD

SCHEDULE 1-A36

Unocal Parcel No. 7644

(Book: 264 at Page: 580  
Recording Date: July 2, 1952  
Grantor: Charles C. Dere  
Grantee: Union Oil Company of California)

All of the following described lots or parcels of land situate, lying and being in the County of Garfield and State of Colorado, to-wit:

Township 5 South, Range 95 West, 6th P.M.

Sec. 19: Lots 3, 4, 8, 9, 10

That portion of Lot 1, Lot 2 and Lot 5 bounded and described as follows:

Beginning at Station 0, where the North and South County Road as now constructed on the Middle Fork of Parachute Creek intersects with the North line of said Section 19 at a point N.  $89^{\circ} 55'$  E. 211 ft. from the Witness Corner to the Northwest Corner of said Section 19; running thence N.  $89^{\circ} 55'$  E. along the North line of said Section 19 452.5 ft. to Station 1, at the foot of steep slope; thence S.  $44^{\circ} 10'$  E. along the foot of said slope 189 ft. to Station 2, thence S.  $73^{\circ} 30'$  E. 180 ft. to Station 3; thence N.  $84^{\circ} 40'$  E. 105 ft. to Station 4; thence N.  $67^{\circ} 53'$  E. 482.5 ft. to Station 5 on the North line of said Section 19; thence N.  $89^{\circ} 55'$  E. along said North line 558.5 ft. to Station 6 at foot of steep slope on the East side of the East Middle Fork of Parachute Creek; thence S.  $71^{\circ} 30'$  W. along the foot of said steep slope 224 ft. to Station 7; thence S.  $25^{\circ} 10'$  W. 150 ft. to Station 8; thence S.  $43^{\circ} 07'$  W. 275 ft. to Station 9; thence S.  $39^{\circ} 32'$  W. 828.7 ft. to Station 10; thence S.  $27^{\circ} 15'$  W. 593 ft. to Station 11; thence S.  $59^{\circ} 25'$  W. 382 ft. to Station 12; thence S.  $37^{\circ} 10'$  W. 186 ft. to Station 13; thence S.  $10^{\circ} 20'$  W. 152 ft. to Station 14; thence S.  $32^{\circ} 47'$  E. 223 ft. to Station 15; thence S.  $2^{\circ} 55'$  W. 368.5 ft. to Station 16 at the foot of steep slope on the East side of Parachute Creek and on the East and West  $\frac{1}{4}$  Section line of said Section 19; thence W. along said  $\frac{1}{4}$  Section line 326.8 ft. to Station 17 on the aforesaid North and South County Road across said Section 19; thence following along said County Road N.  $15^{\circ} 32''$  E. 199 ft. to Station 18;

CONTRACTOR YARD

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thence N. 20°00' E. 193 ft. to Station 19;  
thence N. 1°48' E. 159 ft. to Station 20;  
thence N. 9°21' W. 129 ft. to Station 21;  
thence N. 16°47' E. 551 ft. to Station 22;  
thence N. 13°50' E. 159 ft. to Station 23;  
thence N. 32°20' E. 210 ft. to Station 24;  
thence N. 13°55' E. 252 ft. to Station 25;  
thence N. 73°15' E. 40 ft. to Station 26;  
thence N. 15°34' W. 238 ft. to Station 27;  
thence N. 13°25' W. 448 ft. to Station 28;  
thence N. 48°27' W. 127.8 ft. to Station 29;  
thence N. 66°22' W. 116 ft. to Station 30;  
thence N. 52°05' W. 71.5 ft. to Station 0, the point of beginning,

Sec. 30: Lots 3, 4

Sec. 19: North Half (N/2)

Sec. 20: SW¼NW¼

## Certificate of Good Standing

OFFICE OF THE SECRETARY OF STATE  
OF THE STATE OF COLORADO

CERTIFICATE

I, Mike Coffman, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

ENCANA OIL & GAS (USA) INC.

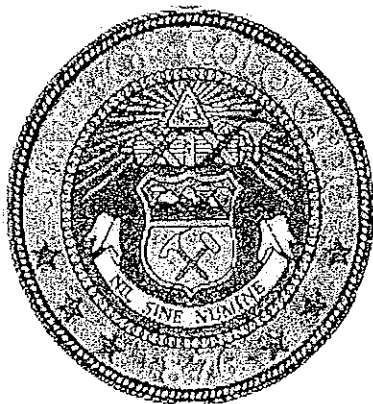
is an entity formed or registered under the law of

Delaware

has complied with all applicable requirements of this office, and is in good standing with this office. This entity has been assigned entity identification number 20001081983 .

This certificate reflects facts established or disclosed by documents delivered to this office on paper through 06/26/2007 that have been posted, and by documents delivered to this office electronically through 06/29/2007 @ 11:34:36 .

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on 06/29/2007 @ 11:34:36 pursuant to and in accordance with applicable law. This certificate is assigned Confirmation Number 6821140 .



Secretary of State of the State of Colorado

\*\*\*\*\*End of Certificate\*\*\*\*\*

*No fee: A certificate issued electronically from the Colorado Secretary of State's Web site is valid and immediately issued and effective. However, as an option, the issuance and validity of a certificate obtained electronically may be established by visiting the Certificate Confirmation Page of the Secretary of State's Web site, <http://www.sos.state.co.us/certificate/confirm.asp> by entering the certificate's confirmation number displayed on the certificate, and following the instructions displayed. Confirming the issuance of a certificate is purely optional and is not necessary to the valid and effective issuance of a certificate. For more information, visit our Web site, <http://www.sos.state.co.us>, and click Business Center and select "Frequently Asked Questions."*

# Tom Brown Withdrawal Document

Document Processing Fee  
If document is on paper: \$10.00  
If document is filed electronically: Currently Not Available

Fees are subject to change.  
For electronic filing and to obtain  
copies of filed documents visit  
[www.sns.state.co.us](http://www.sns.state.co.us)

Deliver paper documents to:  
Colorado Secretary of State  
Business Division  
1560 Broadway, Suite 202  
Denver, CO 80202-5169  
Paper documents must be typed or machine printed.

20051017415 0  
\$ 10.00  
SECRETARY OF STATE  
01-11-2005 15:32:00

ABOVE SPACE FOR OTHER USE ONLY

Statement of Foreign Entity Withdrawal  
Filed pursuant to §7-90-301, et seq. and §7-90-306 of the Colorado Revised Statutes (C.R.S.)

ID number: 19871738153

1. True name:

Tom Binyon, Inc.

2. Assumed entity name  
(if different from True name)

\_\_\_\_\_

3. Registered agent: (if an individual)  
OR (if a business organization).

\_\_\_\_\_  
(Last) (First) (Middle) (Suffix)

The person appointed as registered agent in the document has consented to being so appointed.

Registered agent street address:

\_\_\_\_\_  
(Street name and number)

CO  
(City) (State) (Postal Zip Code)

Registered agent mailing address:  
(if different from above)

\_\_\_\_\_  
(Street name and number or Post Office Box if appropriate)

\_\_\_\_\_  
(City) (State) (Postal Zip Code)

OR

If the registered agent is a business,  
to be considered, the mailing address is  
which corporate records may be  
maintain

Attest: \_\_\_\_\_  
Secretary of State  
1560 Broadway, Suite 202  
Denver, CO 80202-5169

Date: \_\_\_\_\_  
\_\_\_\_\_



(Province - if applicable) (Country - if not US)

4. Jurisdiction of formation:

Delaware

5. Principal office mailing address:

379 17th Street, Suite 1700

(Street name and number or Post Office Box information)

Denver

CO

80202

(City)

(State)

(Postal/Zip Code)

(Province - if applicable) (Country - if not US)

6. The entity will no longer transact business or conduct activities in this state and it relinquishes its authority to transact business or conduct activities in this state.

7. The registration of all trade names registered by the entity with the secretary of state pursuant to §7-70-101, C.R.S. and any assumed entity name pursuant to §7-90-603, C.R.S. are withdrawn upon the filing of this statement.

8. (Optional) Delayed effective date:

(month/day/year)

Notice:

Causing this document to be delivered to the secretary of state for filing shall constitute the affirmation or acknowledgment of each individual causing such delivery, under penalties of perjury, that the document is the individual's act and deed, or that the individual in good faith believes the document is the act and deed of the person on whose behalf the individual is causing the document to be delivered for filing, taken in conformity with the requirements of part 3 of article 90 of title 7, C.R.S., the constituent documents, and the organic statutes, and that the individual in good faith believes the facts stated in the document are true and the document complies with the requirements of that Part, the constituent documents, and the organic statutes.

This perjury notice applies to each individual who causes this document to be delivered to the secretary of state, whether or not such individual is named in the document as one who has caused it to be delivered.

9. Name(s) and address(es) of the individual(s) causing the document to be delivered for filing:

Street	City	State	Zip
Deborah Susan Mack A. Todey, P.D.			
(Street name and number or Post Office Box information)			
421 17th Street, Suite 500			
Denver	CO	80202	
(City)	(State)	(Postal/Zip Code)	

(Print or Type Name) (Print or Type Name)

I, Debora Mack Todey, P.D., do hereby certify that I am the individual who caused this document to be delivered to the secretary of state for filing, and I am the individual who caused this document to be delivered to the secretary of state for filing, and I am the individual who caused this document to be delivered to the secretary of state for filing.

Witness my hand

and the seal of the Secretary of State on this 17th day of August, 2002, at Denver, Colorado.

(Signature)

legal requirements as of its revision date, compliance with applicable law, as the same may be amended from time to time, remains the responsibility of the user of this form. Questions should be addressed to the user's agency.

Recorded Delaware Merger Document

# Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE CERTIFICATE OF MERGER, WHICH MERGES:

"TBI PIPELINE COMPANY", A DELAWARE CORPORATION,

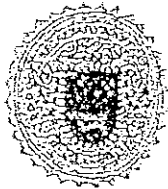
"TBI WEST VIRGINIA, INC.", A DELAWARE CORPORATION,

"TOM BROWN, INC.", A DELAWARE CORPORATION,

WITH AND INTO "ENCANA OIL & GAS (USA) INC." UNDER THE NAME OF "ENCANA OIL & GAS (USA) INC.", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, WAS RECEIVED AND FILED IN THIS OFFICE THE TWENTY-SECOND DAY OF DECEMBER, A.D. 2004, AT 6:15 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CORPORATION SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID CERTIFICATE OF MERGER IS THE FIRST DAY OF JANUARY, A.D. 2005.



2137891 8330

050039111

*Harriet Smith Windsor*  
Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 3529 833

DATE: 11-23-05

01/28/2005 01:07P 01858 P613 H ALSDORF  
R 90 D 0.00 GARFIELD COUNTY CO

## EnCana Application of Authority and Name Change Request

CHANGE OF NAME

AMENDED APPLICATION FOR AUTHORITY TO TRANSACT BUSINESS FOR A PROFIT CORPORATION

Form 7.115.104.1 revised 11/26/2001

Filing fee: \$25.00 This document must be typed or machine printed. If more space is required, continue on attached 8 1/2" x 11" sheet(s).

Deliver 2 copies to: Colorado Secretary of State, Business Division, 1560 Broadway, Suite 200, Denver, CO 80202-5169

Please include a typed or machine printed, self-addressed, envelope. For filing requirements, see §§ 7-50-301 and 7-115-104, Colorado Revised Statutes

For more information, see the Citizen's Guide to the Business Division on our Web site, www.sos.state.co.us. Questions? Contact the Business Division: voice 303 894 2251, fax 303 894 2242 or e-mail sos.business@state.co.us

FILED DONETTA DAVIDSON COLORADO SECRETARY OF STATE

20021093182 M

\$ 25.00

SECRETARY OF STATE

96-12-2002 OCT 30 3:30 PM '02

FDC Date 1081983

The undersigned corporation, pursuant to § 7-115-104, Colorado Revised Statutes (C.R.S.), delivers this amended application for authority to the Colorado Secretary of State for filing, and states as follows:

1. The entity name of the corporation is: AEC Oil & Gas (USA) Inc.

2. The assumed entity name, if any, currently being used in Colorado is:

3. Complete one of the following statements as appropriate:

[X] The corporation has changed its entity name to: EnCana Oil & Gas (USA) Inc.

The assumed name it elects to use in Colorado (if the new entity name is not available for use in Colorado) is:

The entity name of a corporation shall contain the term "corporation", "incorporated", "company", "limited" or an abbreviation of any of these terms, pursuant to §7-90-601(3)(c) C.R.S.

[ ] The corporation has changed its assumed name to:

[ ] The corporation has amended the period of duration in its Articles of Incorporation to:

[ ] The corporation has changed its state (or country) of incorporation from To

4. This amended application MUST be accompanied by a certificate of fact, or document of similar import, duly authenticated by the secretary of state or other official having custody of corporate records in the state or country under whose law it is incorporated, certifying the statement(s) made above. Such certificate shall be dated within ninety (90) days before the filing of this amended application.

5. The address to which the Secretary of State may send a copy of this document upon completion of filing (or to which the Secretary of State may return this document if filing is refused) is: Ray E. Senesher, Esq., 821 17th St., Suite 500, Denver, CO 80202

Signature: Mary A. Viviano Signer's Name (printed)/Title: Mary A. Viviano/Secretary

OPTIONAL: The electronic mail and/or Internet address for this entity is (for e-mail):

Web site:

The Colorado Secretary of State may contact the following authorized person regarding this document, name:

address:

voice: fax: e-mail:

COMPUTER UPDATE COMPLETE MJ

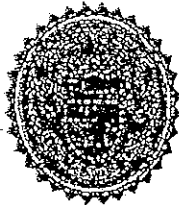
Notarize this document by a notary public in the state of Colorado. The notary public must be a resident of Colorado and must be a member of the Colorado Notary Public Association. The notary public must be a resident of Colorado and must be a member of the Colorado Notary Public Association.

# Delaware

PAGE 1

*The First State*

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THAT THE SAID "AEC OIL & GAS (USA) INC.", FILED A CERTIFICATE OF AMENDMENT, CHANGING ITS NAME TO "ENCANA OIL & GAS (USA) INC.", THE FIFTH DAY OF APRIL, A.D. 2002, AT 4:12 O'CLOCK P.M.



1107892 3320

020221516

*Harriet Smith Windsor*

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1706359

DATE: 04-05-02

Please include a typed self-addressed envelope

MUST BE TYPED  
FILING FEE: \$75.00  
MUST SUBMIT TWO COPIES

Mail for: Secretary of State  
Corporations Section  
1680 Broadway, Suite 200  
Denver, CO 80202  
(303) 894-2231  
Fax (303) 894-2242

For office use only 911  
FILED  
DONNETA SANDERSON  
SECRETARY OF STATE  
20001051963  
5 30.00  
SECRETARY OF STATE  
04-24-2000 08:18:44

APPLICATION FOR AUTHORITY

Pursuant to the provisions of the Colorado Business Corporation Act, the undersigned corporation hereby applies for Authority to transact business in Colorado, and for that purpose submits the following statement:

FIRST: The name of the corporation is AEC Oil & Gas (USA) Inc.  
(Exact Corporation name must agree with the attached Certificate of Good Standing)

SECOND: The name which it elects to use in Colorado is \_\_\_\_\_  
(if its corporate name is not available for use in Colorado.)

THIRD: It is incorporated under the laws of Delaware  
(State of Incorporation)

FOURTH: The date of its incorporation is 3/15/87 The period of duration is Perpetual

FIFTH: The street address of its principal office (include City, State and Zip Code) 3900, 321 7th Ave SW,  
calgary, Alberta Canada T2P 4K9

SIXTH: The street address of its proposed registered office in Colorado is 1675 Broadway  
Denver, Colorado 80202, and the name of its proposed registered agent in Colorado at that address is The Corporation Company  
(Address must include building number and suite number, street (or rural route number), town or city and zip code. Include a P.O. Box if mailing address is different from street address)

Signature of Registered Agent [Signature] (may be in accompanying document)  
Date Business commenced or expects to commence transacting business in Colorado Upon Qualification

SEVENTH: The names and respective addresses of its directors and officers are:

OFFICE	NAME	BUSINESS ADDRESS
President	<u>See attached list of officers</u>	
Vice Pres		
Secy		
Treas		
Director	<u>See attached list of directors</u>	
Director		
Director		

List additional Officers or Directors on a separate piece of paper.

EIGHTH: This application MUST BE ACCOMPANIED BY A CERTIFICATE OF GOOD STANDING ISSUED BY THE JURISDICTION OF ITS INCORPORATION AND DATED WITHIN NINETY (90) DAYS OF THE FILING OF THE APPLICATION.

Signature [Signature]  
Title Vice President



Appendix to Colorado  
Application for Certificate of Authority

Directors and Officers of  
AEC Oil & Gas (USA) Inc.  
at April 18, 2000

Directors

Eresman, Randall K.	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9
Ferguson, Brian C.	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9
Westcott, Ronald H.	3500, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9

Officers

Eresman, Randall K.	President	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9
James, Guy C.L.	Vice-President, Northern Exploration	3700, 707 - 8 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 1H5
Wojahn, Jeff E.	Vice-President Southern Exploration	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9
Stevenson, William A.	Treasurer	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9
Ferguson, Brian C.	Secretary	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9
Mackid, Linda H.	Assistant Secretary	3900, 421 - 7 <sup>th</sup> Avenue S.W. Calgary, Alberta, T2P 4K9

State of Delaware  
Office of the Secretary of State

PAGE 1

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "AEC OIL & GAS (USA) INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTIETH DAY OF APRIL, A.D. 2000.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL REPORTS HAVE BEEN FILED TO DATE.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.



*Edward J. Freel*

Edward J. Freel, Secretary of State

AUTHENTICATION:

DATE: 0303465

04-20-00

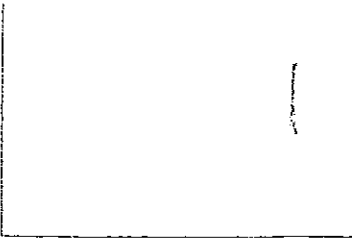
2137895 0300

001202991

Quit Claim Deed from Unocal to Tom Brown

AFTER RECORDING, RETURN TO:

EnCana Oil & Gas (USA) Inc.  
950 17th Street, Suite 2600  
Denver, Colorado 80202  
Attention: Diane Blieszner, Esq.



QUITCLAIM DEED

THIS DEED, dated June 11, 2004, between UNION OIL COMPANY OF CALIFORNIA, a corporation duly organized and existing under the laws of the State of California ("Grantor"), whose legal address 376 South Valencia Avenue, Brea, California 92823, and TOM BROWN, INC., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware ("Grantee"), whose legal address is 555 17th Street, Suite 1850, Denver, Colorado 80202:

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WITNESS, that the Grantor, for and in consideration of the sum of Ten and no/100 Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, has remised, released, sold and QUITCLAIMED, and by these presents does remise, release, sell and QUITCLAIM unto the Grantee, its successors and assigns forever, all the right, title, interest, claim and demand which the Grantor has in and to any and all real property, together with improvements, if any, situate, lying and being in:

- Township 4 South, Range 95 West of the 6<sup>th</sup> P.M.,
- Township 4 South, Range 96 West of the 6<sup>th</sup> P.M.,
- Township 5 South, Range 95 West of the 6<sup>th</sup> P.M.,
- Township 5 South, Range 96 West of the 6<sup>th</sup> P.M.,
- Township 6 South, Range 96 West of the 6<sup>th</sup> P.M.,
- Township 7 South, Range 96 West of the 6<sup>th</sup> P.M.,

Garfield County, Colorado, except the fee interest to the surface rights to that parcel of real property, the legal description of which is attached as Exhibit A (the "Chevron Reservoir Right of First Refusal Parcel") and except water storage rights related to such parcel.

Grantor and Grantee agree and intend that this instrument shall convey to Grantee all of Grantor's interest in and to oil, gas and other minerals in and under the land described above (including those under the land described on attached Exhibit A) (the "Real Estate").

Notwithstanding the preceding, there is reserved unto Grantor, its successors and assigns and not conveyed herein a two percent (2%) gross royalty in all oil and gas produced from or attributable to the Real Estate conveyed herein which is produced, mined or otherwise extracted from shale ("Shale Oil") within the Green River Formation from the surface to a depth that is stratigraphically equivalent to the "Orange Marker" within the Garden Gulch member of the Green River Formation, such depth being the stratigraphic equivalent to a depth of 2105' in the Skelly Oil Company #1 Dry Fork Unit well, SW 1/4 NW 1/4 SE 1/4 of Section 25, Township 4 South, Range 97 West of the 6th P.M., Garfield County, Colorado. For the avoidance of doubt, the overriding royalty reserved herein

unto Grantor shall entitle Grantor to a cost free share equal to two percent of 8/8ths of all Shale Oil in addition to any previously existing mineral interests or burdens excepted above and is not dependent on the existence (or nonexistence) of any mineral lease covering all or any portion of the Real Estate. Grantor may, at its option and in its sole discretion, elect from time to time to take its royalty share in kind upon giving Grantee at least ninety days prior written notice of such intent.

IN WITNESS WHEREOF, the Grantor has caused its corporate name to be hereunto subscribed by its attorney-in-fact on this 11 day of June, 2004.

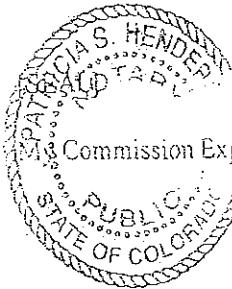
UNION OIL COMPANY OF CALIFORNIA,  
 a California corporation

By: Brian J. Kelly 205  
 Brian J. Kelly, Attorney-in-Fact

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

Acknowledged before me this 11 day of June, 2004 by Brian J. Kelly, Attorney-in-Fact for Union Oil Company of California, a California corporation.

Witness my hand and official seal.



Alicia S. Hender  
 Notary Public

My Commission Expires \_\_\_\_\_

EXHIBIT A

Legal Description – Chevron Reservoir Right of First Refusal Parcel and Water Rights

(Includes Unocal Parcel Nos. 7631, 7632,  
7633, 7634, 7660, 7693D, 7699 and  
Portions of 7616, 7625, 7627A, 7639 and 7646)

Township 5 South, Range 95 West, 6th P.M.

Section 30: Lots 10, 11, 12, 13 & 14  
Section 31: Lots 2, 3, 4, 9 & 10

Township 5 South, Range 95 West, 6th P.M.

Section 25: Lots 7 and 8.  
Section 36: NE1/4 & SE1/4 except that part of the South 949.99 feet lying West of the Centerline of Parachute Creek.

Township 6 South, Range 96 West, 6th P.M.

Section 4: Lots 4, 10, 12 & and all that part of Lot 1, SE1/4NW1/4, SW1/4NW1/4, NW1/4SW1/4 and Lot 11 lying East of the centerline of Parachute Creek  
Section 9: Lots 3, 4, 5, 11 & SW1/4NW1/4

TOGETHER with a parcel of land, referred to as the Granley Gulch School Parcel, in the Northwest Quarter of the Southwest Quarter (NW1/4SW1/4) of Section 4, Township 6 South, Range 96 West of the Sixth Principal Meridian, County of Garfield, State of Colorado described as follows:

Starting at the Northwest corner of the Southwest quarter of Section 4, Township 6 South, Range 96 West (This Corner is located on the South side of a gulch) running down the gulch South of East 582 feet to the creek from thence down the creek West of South 207 feet from thence West 336 feet from thence North 363 feet.

EXCEPTING therefrom that portion of County Road 215 that crosses the subject property including the Roadway survey parcels and slide parcels conveyed to The Board of County of Commissioners of Garfield County, Colorado in Special Warranty Deed recorded December 30, 1986 in Book 702 at Page 424 and as corrected in instrument recorded June 15, 1987 in Book 714 at Page 1.

# ENCANA

EnCana Oil & Gas (USA) Inc.

370 17th Street  
Suite 1700  
Denver, CO 80202

☎ (303) 623-2000  
☎ (303) 623-2900  
www.encana.com

February 13, 2008

Reuben G. and Stephanie D. Oldland  
14667 RBC 5  
Rifle, CO 81650

Re: Master Surface Use Agreement  
Pipeline and CDP Construction  
Rio Blanco and Garfield Counties, Colorado

Dear Mr. and Mrs. Oldland:

EnCana Oil & Gas (USA) Inc. is planning to construct, operate and maintain gas pipelines and CDP's (central delivery points) that will cross a portion of your surface. As part of the permitting process, we are required to notify you of this activity and obtain your acknowledgment of that notification. The locations of these facilities are detailed on the attached plat and are listed below.

Rio Blanco County  
CDP: Township 4 South, Range 96 West, Section 21  
Pipelines: Township 4 South, Range 96 West, Sections 21, 28, 29, 32

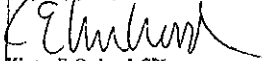
Garfield County  
CDP: Township 5 South, Range 96 West, Section 7  
Pipelines: Township 5 South, Range 96 West Section 7, 18

The construction, operation and maintenance of these facilities will be subject to the Master Surface Use Agreement entered into on February 11, 2005, by and between Reuben G. and Stephanie D. Oldland, Eva Christine and Timothy James Uphoff, Gerald A. Oldland, Oldland Brothers, Inc and Oldland and Uphoff, a partnership, and EnCana. If you have any questions or require additional information, feel free to contact either Preston Nelson in our Parachute office (970.285.2667) or me (720.876.5119).

™ Trademark of EnCana Corporation. Used under license.

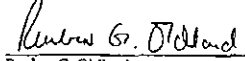
Please sign this letter in the space provided below and return one (1) copy to the undersigned via fax at 720.876.6119.

Very truly yours,



Kirsten E. Oranhood, CPL  
Group Lead, Land, N. Piceance Team  
EnCana Oil & Gas (USA) Inc.

By signing below, the surface owner hereby confirms receipt of this notification of EnCana Oil & Gas (USA) Inc.'s proposed construction of facilities as described above and detailed on the attached plat.

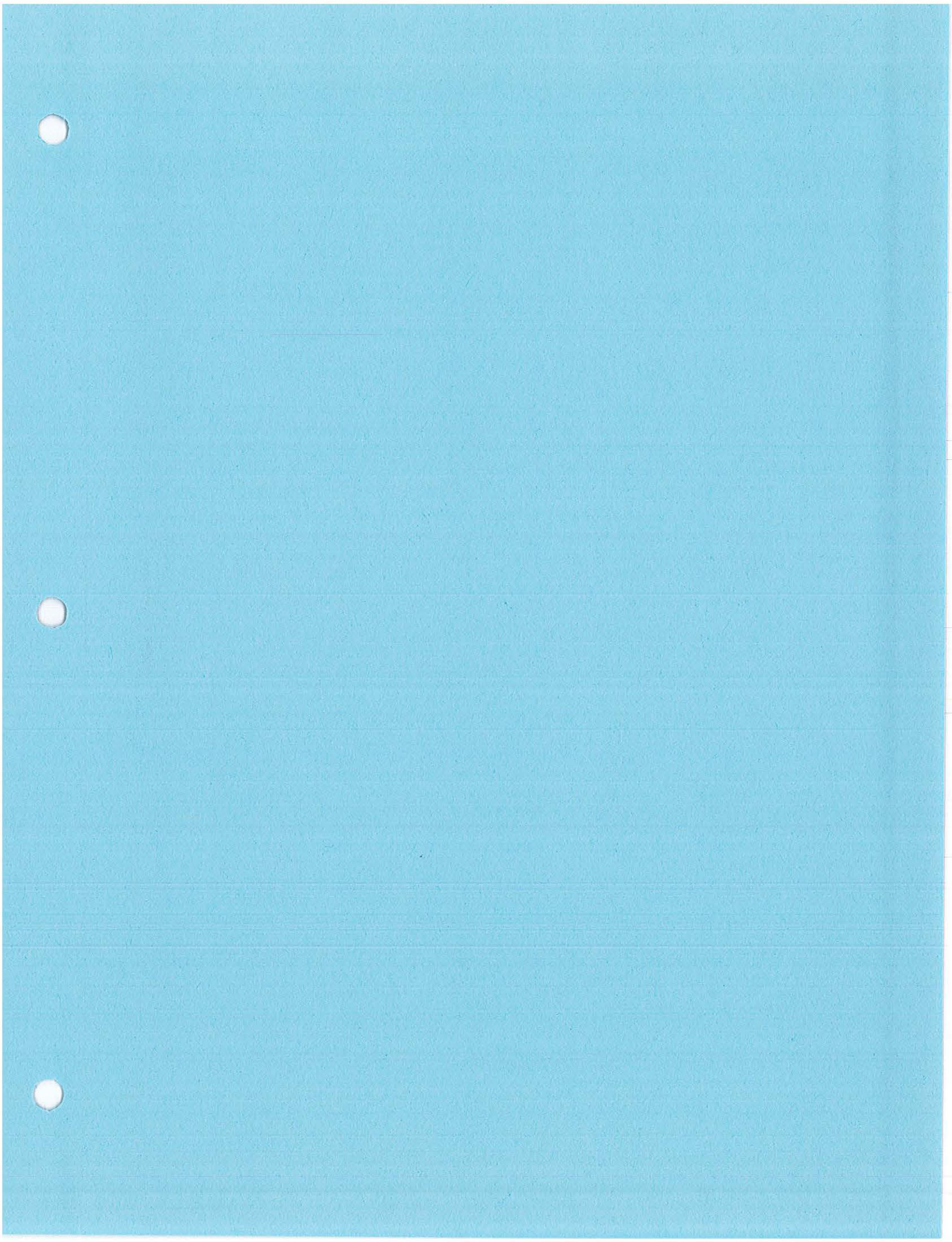
  
Reuben G. Oldland

  
Stephanie D. Oldland

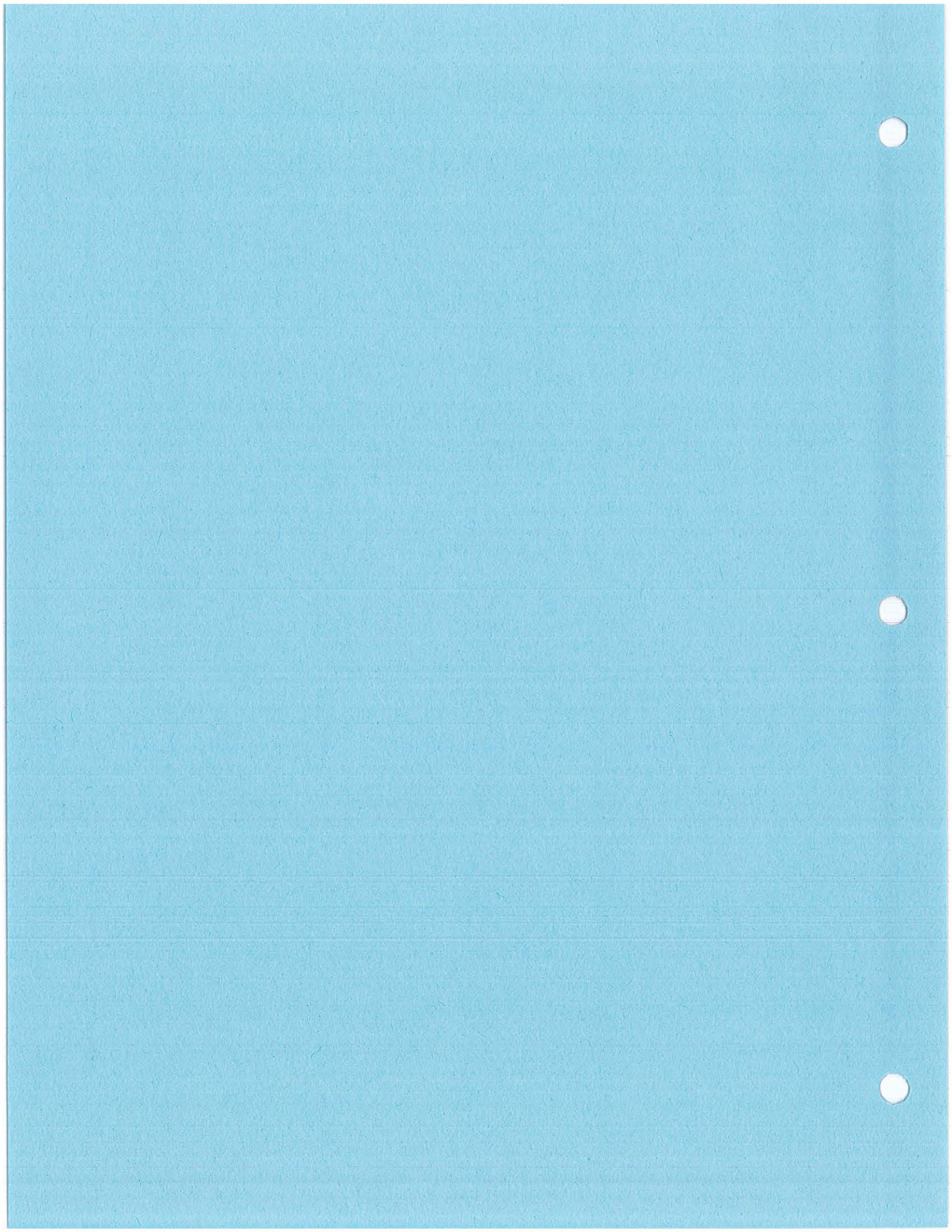
Date: 2/14/2008

# ENCANA

EnCana Oil & Gas (USA) Inc.







## MASTER SURFACE USE AGREEMENT

This MASTER SURFACE USE AGREEMENT ("Agreement") is entered into this 11<sup>th</sup> day of February, 2005 (the "Effective Date") between the Reuben G. Oldland and Stephanie D. Oldland, husband and wife, Eva Christine Uphoff and Timothy James Uphoff, wife and husband, Gerald A. Oldland, Oldland Brothers, Inc., and Oldland and Uphoff, a partnership, all of 14667 RBC 5, Rifle, Colorado 81650 ("Owner"), and EnCana Oil & Gas (USA) Inc. ("EnCana"), a Delaware Corporation whose address is 370 17<sup>th</sup> Street, Suite 1700, Denver, Colorado 80202.

### RECITALS

- A. Owner owns the surface of the real property in Rio Blanco County and Garfield County, Colorado described in the attached and incorporated Exhibit A (the "Subject Lands").
- B. EnCana or an affiliate has certain rights to drill oil and gas wells and intends to drill such wells and build related infrastructure and facilities on the Subject Lands.
- C. Owner and EnCana wish to enter into an agreement concerning the payment of rentals and damages to Owner in connection with the drilling, construction, completion, re-completion, reworking, reentry, production, maintenance, access, and operation of the wells and all pipelines, and other facilities or property of EnCana or its affiliates associated with the wells and located on the Subject Lands or with wells located on lands owned by other parties, which lands are accessed via the Subject Lands.

### TERMS

THEREFORE, in consideration of the mutual covenants provided in this Agreement, and EnCana's agreement to pay the rentals and damages described in this Agreement, the parties agree as follows:

#### 1. WELLS AND WELL PADS.

"Well" shall mean a well and the accompanying wellbore (either vertically or directionally drilled from a "Well Pad") for the production of oil and gas and all associated casing and wellhead equipment.

"Well Pad" shall mean a physical drillsite and production location which may contain one or more Wells. A Well Pad shall include, but not be limited to, production equipment such as flowlines, gas pipelines, pumps, heater treaters, separators, tank batteries, meter houses and other facilities necessary or convenient for testing, completing or producing oil or gas from the Wells.

#### 2. WELL PADS.

- a. Damage Amount. Prior to the commencement of construction of any Well Pad on the Subject Lands, EnCana shall pay Owner [REDACTED] ("Damage Amount") per Well Pad. Well Pads shall be no greater than two (2) acres in size after the initial restoration following drilling and completion activities (which initial restoration

shall be completed not more than one year from completion of the Well(s) for production), unless EnCana elects to increase the size of a Well Pad and makes payment as provided in subsection 2(b). If EnCana constructs a Well Pad on the Subject Lands that disturbs an area greater than two (2) acres in size during the initial drilling and completion activities, EnCana shall pay owner, within thirty (30) days after completion of construction of the Well Pad, an additional [REDACTED] per acre, prorated for less than a full acre, for such disturbed area in excess of two (2) acres; if applicable, such additional payment being included as part of the Damage Amount.

- b. Extension Payment. If, at any time following the initial construction of a Well Pad located on the Subject Lands and after the initial restoration following drilling and completion activities, EnCana elects to increase the size of a Well Pad to greater than two (2) acres, EnCana shall pay Owner, prior to such extension, an additional [REDACTED] per additional acre, prorated for less than a full acre ("Extension Payment"). An extended Well Pad shall not exceed six and one-half (6.5) acres in size and shall be measured from the edges of the disturbed lands, which may be larger than the flat surface of the Well Pad in question.
- c. Additional Payments (More than Five (5) Wells). Well Pads may accommodate as many Wells as is practicable; however, Owner shall be compensated a one-time payment of [REDACTED] per Well for each additional Well in excess of five (5) Wells drilled on any Well Pad located on the Subject Lands.
- d. Consideration. The Extension Payment and such one-time payment for each Well drilled in excess of five (5) Wells on a Well Pad, if any, shall be paid to Owner prior to construction or extension of a Well Pad. The Damage Amounts and Extension Payments shall constitute payment in full by EnCana and its affiliates for all normal damages to the acreage disturbed by the construction or extension of Well Pads and the drilling, completion, re-completion, reworking, re-entry, production, installation, operation and maintenance of the Wells, but such amounts shall not be compensation for damages associated with Livestock, Growing Crops or other damages for which payment is specifically provided in this Agreement.
- e. Limitations. EnCana agrees to construct no more than one (1) Well Pad per quarter-quarter section (40-acres, more or less) on the Subject Lands unless it receives prior written consent from Owner, which consent may be conditioned or denied in Owner's sole discretion.

### 3. ROAD RIGHT-OF-WAY.

- a. Existing Roads. Owner grants to EnCana a non-exclusive access right-of-way across the Subject Lands along the existing roads that are marked and identified on the attached Exhibit B ("Road Right-of-Way") for ingress and egress to EnCana operated Wells and Well Pads located both on the Subject Lands and outside the Subject Lands. The Road Right-of-Way shall be approximately thirty (30) feet in width, being fifteen (15) feet on each side of the centerline of the existing roads. The total distance of the existing roads and resulting Road Right-of-Way is approximately 122,830 feet (7444 rods). As consideration for the grant of the Road Right-of-Way covering the existing roads, EnCana shall pay

Owner on the Effective Date [REDACTED] rod, which the parties agree equals [REDACTED] which has already been paid to Owner prior to the execution of this Agreement. In special situations, such as safety hazards, if approved by Owner, EnCana may construct turnouts and passing lanes that are in excess of the thirty (30) foot wide width and EnCana shall compensate Owner [REDACTED] (incorporated for less than a full acre) for each such increase in the width of the Road Right-of-Way, prior to construction.

- b. New Roads. Owner grants to EnCana a non-exclusive access right-of-way across the Subject Lands to construct new roads. Such new roads may only be constructed after receipt of Owner's consent following notice by EnCana of the proposed route. The new roads shall comply with the width restriction set forth in subsection 3(a) and shall be considered a part of the Road Right-of-Way. If Owner grants EnCana permission to construct new roads, EnCana shall pay Owner a one-time fee [REDACTED] rod prior to construction. Any land adjacent to a newly constructed or existing road that is disturbed by EnCana shall be promptly reseeded and restored, in accordance with Section 9, upon completion of the construction activities.
- c. One-Time Well Pad Access Payment. Following the Effective Date, EnCana shall pay Owner a one-time fee [REDACTED] for each Well Pad that is constructed and accessed via the Road Right-of-Way but not located on the Subject Lands, which payment shall be made prior to construction of any such Well Pad.
- d. Annual Well Pad Access Payment. On the first Payment Date (as defined in Section 31) after execution of this Agreement, and on each Payment Date thereafter until final reclamation of the Well Pad(s) is completed in accordance with Section 9, EnCana shall pay [REDACTED] for each Well Pad, located on or outside the Subject Lands, accessed via the Road Right-of-Way ("Annual Well Pad Access Payment"). The number of Well Pads accessed per year shall be calculated based on the number of Well Pads existing on the Previous Payment Date (as defined in Section 31) plus the number of additional Well Pads constructed between the Previous Payment Date and the Current Payment Date (as defined in Section 31). Prior to its final reclamation, any Well Pad that has been accessed at any time via the Road Right-of-Way shall be included in determining the amount of the Annual Well Pad Access Payment, notwithstanding that such Well Pad is no longer accessed via the Road Right-of-Way. The Annual Well Pad Access Payment shall be subject to the following:
  - i. Maximum Annual Access Payment. In no event shall the Annual Well Pad Access Payment exceed [REDACTED] subject to the Inflation Adjustment set forth in Section 32.
  - ii. Annual Access Payment Reduction. If EnCana has not constructed any new Well Pad(s) or drilled any new Wells from an existing Well Pad on the Subject Lands, or on lands accessed via the Subject Lands, during any three (3) contiguous year period following the tenth anniversary of this Agreement, the Annual Well Pad Access Payment shall be reduced by fifty percent (50%), which shall hereafter be known as an "Annual Access Payment Reduction."

- iii. Post-Annual Access Payment Reduction Well Pad Construction. The Annual Well Pad Access Payment shall return to one hundred percent (100%) if EnCana constructs any new Well Pads or drills a new Well from an existing Well Pad, on the Subject Lands, or on lands accessed via the Subject Lands in any year, after the Annual Access Payment Reduction has occurred. Subsequently, if EnCana has not constructed any new Well Pads or a new Well from an existing Well Pad on the Subject Lands, or on lands accessed via the Subject Lands, during any contiguous three-year (3) period, Annual Access Payments may again be reduced pursuant to subsection 3(d)(ii). Annual Access Payment Reductions and increases may be ongoing thereafter, in such a manner, until termination of this Agreement.
- iv. Commercial Hunting Suspension. EnCana may give Owner written notice prior to March 1 of any year prior to the termination of this Agreement to temporarily suspend commercial hunting operations during the subsequent big game hunting season for the portion of the Subject Lands, and lands adjacent thereto that are leased by Owner, located within the original Unit Area for the Double Willow federal exploratory unit, in which case Owner shall not conduct commercial hunting during such periods and shall limit recreational hunting to Owner's family and guests. On the Payment Date following such notice, the Annual Well Pad Access Payment shall be [REDACTED] regardless of the number of Wells constructed or accessed.
- e. Limited Use. Subject to Owner's right to use the Road Right-of-Way at any time for any purpose, the Road Right-of-Way is solely for use by EnCana employees and contractors for the sole purpose of surveying, permitting, exploration, development and production of natural gas on the Subject Lands and other lands accessed via the Road Right-of-Way. This Agreement in no way conveys rights of access to individuals or parties for any other purpose whatsoever.

#### 4. PIPELINE RIGHT-OF-WAY.

- a. Pipeline Right-of-Way. Owner grants to EnCana a non-exclusive pipeline right-of-way across the Subject Lands to construct, lay, maintain, operate, or alter one or more pipelines, including valves, regulators, meters, separators, purification equipment, and fittings ("Pipeline Right-of-Way"). The Pipeline Right-of-Way shall be fifteen (15) feet in width and shall include pipelines within both the "Roadside Pipeline Routes" and "Extended Pipeline Routes" as defined in subsection 4(b).
- b. Pipeline Provisions. To the extent possible, the pipeline routes shall run parallel to the Road Right-of-Way and the actual pipelines shall be built outside of the thirty (30) foot width of the Road Right-of-Way, but not more than thirty (30) feet beyond the centerline of the road Right-of-Way on either side of the road Right-of-Way (a "Roadside Pipeline Route"). The approximate pipeline route must be approved by Owner prior to construction. EnCana may install up to five (5) separate pipelines in the Pipeline Right-of-Way. Notwithstanding the foregoing, due to topographical or other surface constraints, the pipelines may be

constructed within and underlying the Road Right-of-Way with the approval of Owner. EnCana shall bury the pipeline(s) with a minimum of thirty-six (36) inches of soil from the top of the pipeline(s) to the normal surface of the ground. EnCana may also select pipeline routes across the Subject Lands in areas outside the Roadside Pipeline Route (an "Extended Pipeline Route") upon Owner's approval prior to construction of the pipeline. An Extended Pipeline Route shall be no more than fifteen (15) feet wide. During the period of pipeline construction, EnCana shall have the right to temporarily use an additional strip of land fifty (50) feet wide adjacent to a Roadside Pipeline Route and Extended Pipeline Route, unless EnCana's activities will interfere with irrigation ditches, streams, creeks, or Owner's activities or improvements.

- c. Temporary Surface Lines. EnCana shall also have the right to install temporary pipeline(s) on the surface of the Subject Lands and within a Pipeline Right-of-Way, provided that each such temporary surface pipeline is removed and/or buried within three (3) years after the date of its installation. Notwithstanding the foregoing, any surface pipeline on the Subject Lands within the West Fork of Parachute Creek or its drainages must be approved by Owner, which approval may be conditioned or withheld in Owner's sole discretion. Any temporary surface pipeline shall be buried anywhere it crosses a road or arable field, including seldom used two-track roads that are identified by Owner prior to construction. If any temporary surface pipeline is not buried or removed within three (3) years from the date of its final installation, EnCana shall pay Owner [REDACTED] per day per pipeline, until the pipeline(s) is buried or removed, which fee will not begin to accrue until thirty (30) days after Owner has provided notice to EnCana to bury or remove such pipeline(s).
- d. Restoration. Within six (6) months after the completion of the installation of a pipeline, or any other disturbance to the surface of a Pipeline Right-of-Way, the surface of the land disturbed by such installation or other disturbance shall be re-contoured, re-vegetated, reseeded and restored as closely as practicable to its prior condition, all at EnCana's sole cost, risk and expense.
- e. Consideration.
  - i. For Roadside Pipeline Routes.
    1. Along Existing Roads. As consideration for the Pipeline Right-of-Way along each Roadside Pipeline Route along an existing road as described in subsection 3(a), EnCana shall pay Owner, prior to construction of the first pipeline in such right-of-way, a payment of [REDACTED], irrespective of whether such pipeline is permanent or temporary.
    2. Newly Constructed Roads. Consideration for a Pipeline Right-of-Way along a newly constructed road as described in subsection 3(b) [REDACTED] per rod paid for the Road Right-of-Way, and no additional consideration shall be paid.

- ii. For Extended Pipeline Routes. As consideration for the Pipeline Right-of-Way along each Extended Pipeline Route, EnCana shall pay Owner, prior to construction of the first pipeline in such Right-of-Way, a one-time payment of [REDACTED] per rod, regardless of whether such pipeline is permanent or temporary.
  - iii. For Lines Installed More Than Five Years After Initial Installation. The consideration in subsection 4(c)(i) and (ii) shall include all pipelines installed within five (5) years after installation of the first pipeline. However, if EnCana adds additional pipelines within a Pipeline Right-of-Way more than five (5) years after the initial installation of a pipeline within the Pipeline Right-of-Way (subject to the five (5) pipeline restriction in subsection 4(b)), then EnCana shall pay Owner an additional consideration of [REDACTED] per rod for each additional pipeline installed in such Right-of-Way.
- f. Additional Damages. No additional consideration will be due if EnCana buries any temporary pipeline unless the pipeline is extended in conjunction with the burial process. In such case EnCana will compensate Owner for additional rods at the applicable rate in subsection 4(e). Any and all surface damage caused by pipeline construction, burial or removal, including construction, burial or removal of temporary pipelines, shall be restored in accordance with Section 9.

#### 5. LIVESTOCK.

- a. Fencing. All equipment or appurtenances to any pipelines, facilities, or Wells that are above the surface of the ground shall be installed in a manner to protect the livestock of Owner or Owner's lessee(s). During construction of any pipelines in the Pipeline Right-of-Way, EnCana shall not maintain over one-half (1/2) mile of continuous open trench if livestock are present in the area, unless temporary fencing is installed around the trench to prevent access thereto and appropriate livestock crossing areas are created as determined by Owner. If, as determined by Owner, EnCana has breached this subsection 5(a), and has not corrected such breach to Owner's satisfaction within five (5) days of receiving notice per subsection 37(a) from Owner of such breach, EnCana shall pay Owner a penalty of [REDACTED] per day until EnCana complies with the fencing requirements of this subsection 5(a).
- b. Relocation of Livestock. Owner shall notify EnCana seventy-two (72) hours in advance when Owner desires to exclusively use any road on the Subject Lands or adjacent leased property from time-to-time for periods of up to five (5) hours to relocate livestock. EnCana shall make reasonable efforts to accommodate Owner's operations during such use periods, subject to EnCana's need to use such road for emergency or well control equipment. EnCana shall be responsible for providing Owner adequate access to its pastures at all times. EnCana will provide a route of access around any Well Pad that inhibits the flow of livestock so the livestock and Owner's vehicles will not have to cross the Well Pad during drilling and completion operations.
- c. Damages. Owner shall be compensated for any of Owner's or Owner's lessees' livestock that, in Owner's opinion, are injured or killed by the direct or indirect

actions of EnCana or its employees, contractors, sub-contractors, agents, business invitees or other visitors. If an animal is injured, EnCana, in its sole discretion, shall either (i) pay Owner the veterinarian, medical or other costs to rehabilitate the injured animal, or (ii) reimburse Owner the value of the animal according to the following schedule. If an animal is killed, EnCana shall reimburse Owner the value of the animal, within thirty (30) days of the event, according to the following schedule.

- i. Horses: The market value for that animal as provided to EnCana in writing by Owner in accordance with Section 31, or at the time of the horse's purchase by Owner if acquired following the Annual Payment Date; provided, however, if Owner has not provided EnCana with the market value of a horse, the market value of such horse shall be deemed to be [REDACTED]
  - ii. Cows and Yearling Heifers: Replacement cost of a bred heifer or [REDACTED] whichever is greater;
  - iii. Calves: Market value of 700 lb. calf or [REDACTED] whichever is greater;
  - iv. Yearling Steers: Market value of 900 lb. yearling or [REDACTED] whichever is greater;
  - v. Bulls: [REDACTED] or the acquisition price for that animal, whichever is greater; and
  - vi. Other Domesticated Livestock: current market price or the acquisition price for that animal, whichever is greater.
6. **GROWING CROPS.** By making the payments described in Section 2, EnCana shall have fully compensated Owner for all damages to the Subject Lands associated with a Well Pad, except for permanent or temporary damage to lands suitable for growing crops such as hay, alfalfa or other saleable species. For the annual crop production lost during the preceding year, EnCana shall pay Owner, on the Payment Date each year, an annual sum equal to the current market price of the crop for the quantity of the crop as determined by Owner. The quantity determined by Owner shall be reasonable and in accordance with current year output of similar crops in the immediate vicinity of the Well Pad in question. Such annual payment shall cease upon final restoration of the Well Pad in accordance with Section 9.
7. **DAMAGE.** If, by reason of EnCana's operations, there is damage to any personal property of Owner or Owner's surface lessees on the Subject Lands, or there is damage to the surface of the Subject Lands caused by the negligence of EnCana or any unreasonable use of the Subject Lands by EnCana that is not associated with reasonable and normal drilling, completion, re-completion, reworking, reentry, production, maintenance and operation of a Well, such as, by way of example and not limitation, damage to structures, fences, gates, crops, culverts and ditches, such damage shall be repaired or replaced by EnCana, or EnCana shall promptly pay Owner for such damage. EnCana shall not alter the natural flow of any creeks, streams, or irrigation ditches on the Subject Lands. As more fully described in Section 12, EnCana shall be solely responsible to Owner for any



and all damage to any springs, water sources or water rights on the Subject Lands resulting from EnCana's operations under this Agreement.

8. **RELEASE.** Except as otherwise provided in this Agreement, Owner, for itself and its successors and assigns, does hereby release, relinquish and discharge EnCana, its affiliates, successors and assigns from all claims, demands, damages and causes of action that Owner may have by reason of the drilling of the Wells and all other damage or injury to the Subject Lands caused by the drilling, completion, re-completion, reworking, reentry, production, operation, and maintenance of the Wells, and Owner accepts the Damage Amounts and Extension Payments as full compensation for such damage or injury.
  
9. **RESTORATION OF LANDS.** Following EnCana's (i) completion of the drilling and completion activities at a particular Well Pad or any portion thereof not needed for operation of existing or planned Well(s), (ii) permanent plugging of all Wells on a Well Pad, or (iii) the abandonment of all or portions of a Pipeline Right-of-Way or Road Right-of-Way (individually "Reclamation Event(s)"), the portions of the Subject Lands which have been disturbed by EnCana's Well Pad, Pipeline Right-of-Way or Road Right-of-Way and that are no longer necessary for EnCana's operations, shall be re-contoured, re-vegetated, reseeded and restored as closely as practicable to their condition prior to disturbance by EnCana ("Reclamation"), all at EnCana's sole cost, risk and expense.
  - a. Final Reclamation Obligation. EnCana shall restore the surface of all disturbed areas in accordance with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC"). No trash, litter and/or debris may be buried or burned for any reason. Upon final termination of EnCana's operations, Owner may request culverts and fencing to be left in place, in which case such improvements shall thereafter belong to Owner. EnCana shall not be required to reclaim the existing roads shown on Exhibit B. EnCana shall make a good faith effort to commence Reclamation within one (1) month of each Reclamation Event and shall complete the Reclamation within one (1) year of each Reclamation Event. EnCana's Reclamation responsibility shall be ongoing and shall continue even after termination of this Agreement, until Owner provides EnCana with a written release of the Reclamation responsibility, or five (5) years from the Reclamation Event, whichever occurs first.
  - b. Assumption of Reclamation Obligation by Owner. Notwithstanding the foregoing, at any time following the Reclamation Event, Owner may advise EnCana that Owner desires to take over all or portions of the Subject Lands affected by such Reclamation Event and maintain and assume responsibility for all Reclamation associated with such lands.
  - c. Restoration Penalty Fees. Owner may provide written notice to EnCana that EnCana has not made a good faith effort to timely commence and complete Reclamation in accordance with this Section 9, in which case EnCana shall have thirty (30) days to adhere, in detail, to the specifics of this Section 9. If EnCana does not comply with this Section 9 before the expiration of such thirty (30) day period, EnCana shall be obligated to pay Owner a penalty fee of [REDACTED] per day for each day of non-compliance for each separate Reclamation Event.

10. OPENING AND RESTORATION OF FENCES. Opening and restoration of Owner's fences shall be made at EnCana's sole cost, risk and expense as follows:

- a. "H" Braces. Prior to cutting Owner's fences, at each fence opening EnCana shall tie the existing fence into a three-post "H" brace built pursuant to the following specifications:
  - i. EnCana shall use drill stem or comparable pipe of at least two and seven-eighths (2 7/8) inch diameter set in concrete for H-bracing;
  - ii. H-braces shall be at least forty-two (42) inches in the ground, shall be braced to take the strain; and
  - iii. Center crosses shall be placed a minimum of thirty-six (36) inches above the ground.
- b. Stays. EnCana shall install fence stays every four (4) feet in all temporary gates installed in Owner's fences.
- c. Pits and Other Excavations. EnCana shall build temporary fencing around all drilling and completion pits. Such fences may be of materials chosen by EnCana, but shall include "H" braces at corners, five strands of wire, and posts no more than fifteen (15) feet apart, unless otherwise requested or approved by Owner. EnCana shall also place panels sufficient to keep out livestock around any temporary excavations during EnCana's drilling, completion or production operations for the Wells.
- d. Permanent Fences. Upon completion of drilling and completion of the Wells, EnCana shall promptly rebuild permanent fences to a condition equal to or better than any fences damaged or removed by EnCana. EnCana shall use 1-3/4 inch staples, cedar wood posts, and CF&I barbed wire to rebuild Owner's fence(s). Experienced fence builders shall do fence replacement and shall consult with Owner prior to and during replacement.
- e. Replacement Fencings. No fence shall be considered to be in a condition equal to Owner's existing fence if the posts have been undercut or brush has been shoved into such fence. If EnCana has disturbed the ground, plowed mud, or added other material within three (3) feet of a fence, Owner shall determine, in its sole discretion, whether a new fence must be constructed to replace the existing fence at EnCana's sole expense.
- f. Cattle Guards. If requested by Owner, EnCana will install cattle guards of sufficient size and substance to bear EnCana's traffic and to turn all livestock. Such cattle guards shall not be installed without Owner's prior written approval, and shall be installed in such a manner so as to prevent water draining into the cattle guards, and at a height so they are visible to livestock from a reasonable distance. EnCana shall assume all liability for any animal that becomes entangled or injured in the cattle guard and shall compensate owner according to the schedule in subsection 5(c). Any cattle guard installed by EnCana pursuant to this subsection 10(t) shall be cleaned and otherwise maintained by EnCana. Owner approved pipe gates shall be placed adjacent to and on top of all cattle

guards so that livestock can be moved through the fence and/or can be turned without injury when moving in large groups or when influenced by inclement weather.

- g. Open Gates. EnCana shall be responsible for preventing Owner's livestock from escaping from, or enabling livestock of others from entering through, any fence openings resulting from the surveying, pre-drilling, drilling, completion, re-completion, reworking, reentry, production, operation, and maintenance of the Wells. If a gate is left open, EnCana shall be responsible for the cost involved in gathering any livestock that escaped. The rate shall be [REDACTED] per hour per cowboy needed to recover any escaped livestock, plus reimbursement for damages. If it is determined that the livestock cannot be recovered within a cost effective amount of time, EnCana shall have the option of compensating Owner for the actual loss incurred due to the loss of the livestock, as determined by Owner, instead of attempting to recover the livestock, in which case such payment shall be based on the amounts set forth on the schedule in subsection 5(c).
- h. Replacement Gates. EnCana shall install Owner approved pipe gates at all points where Encana's actions necessitate replacing or widening the existing opening in a fence line or creating a new opening in a fence line.

#### 11. PROHIBITED PUBLIC ACCESS.

- a. EnCana shall cooperate with Owner to prohibit all public access to the Subject Lands from the real property now owned by EnCana and formerly known as the "Unocal" property located in T4S-R96W and T5S-R96W. Such cooperative efforts shall include, but not be limited to, the installation at EnCana's expense of locked gates where existing roads provide access across the Unocal property and onto the Subject Lands in Sections 5, 8 and 17, T5S-R96W.
- b. Upon Owner's written request during the Colorado big game hunting season, EnCana shall lock all gates on the Subject Lands. In addition, Upon Owner's written request during the Colorado big game hunting season, and if EnCana is engaged in drilling and completion activities at Wells subject to this Agreement, EnCana shall provide security control at the beginning of the Stewart Gulch Road at its intersection with County Road #5, and at future locations, as determined by Owner, where new access points to the Subject Lands or adjacent lands have been created by EnCana pursuant to its operations hereunder. Such security control shall include monitoring and recording all traffic, including time of entry and exit, and maintenance of any other records requested by Owner. The requirement for security control shall cease upon EnCana's cessation of access at the designated location.

12. WATER. If any surface or underground water source located on the Subject Lands identified on Exhibit B (which may be modified upon discovery of additional water sources from time to time), as well as any decreed water right owned by Owner, is located within one-half (1/2) mile from any Well, EnCana shall hire and pay a third-party expert, mutually agreed upon by the parties, to test the amount and water quality of such water source(s) both (i) prior to EnCana conducting drilling operations and (ii) upon completion of the Well as a producer or dry hole. In the event such test results confirm

(in the sole opinion of the third-party expert), that any such water source was contaminated or damaged by EnCana's operations, EnCana agrees to either (i) drill a new water well at EnCana's expense, or (ii) provide Owner a replacement water source in a like volume to such damaged water source, at the source or at a mutually agreed location. In addition, EnCana shall be responsible for annual operating and maintenance costs (in excess of any costs attributable to the water source prior to the damage) for so long as such water source is used by Owner. Or, at EnCana's option, EnCana may pay Owner a one-time cash settlement equal to the estimated present value of such annual operating and maintenance costs for a twenty-year period of use as calculated by a third-party with expertise in water matters, mutually agreed upon by the parties. EnCana shall begin construction on any new water well or source, as the case may be, within sixty (60) days of receipt of the expert's report of contamination or damage, and shall complete such construction within six (6) months.

13. **WATER TROUGHS.** Upon Owner's request, EnCana shall place, at EnCana's expense, Owner-approved water troughs of at least 1,000 gallon capacity on or near each of the Well Pads at mutually agreeable locations that do not interfere with EnCana's operations. EnCana shall not be obligated to provide water to a trough unless, as part of EnCana's operations, water is being diverted or conveyed to the Well Pad in question, in which case such diversion or conveyance method shall be used to fill the trough, at EnCana's expense; provided, however, that (i) EnCana shall not be responsible for the quality of any such water diverted or conveyed, and (ii) Owner hereby assumes all risk of use of any such water diverted or conveyed. EnCana shall be responsible for no more than a total of [REDACTED] for the water trough, water diversion materials, water lines and water pipes per Well Pad. Owner shall be responsible for any governmental permits required for the provision of water to the troughs and the location of such troughs, and shall maintain the troughs and the source of water to such troughs (unless EnCana is providing the water as described above) in a manner that does not interfere with EnCana's operations at each of the Well Pads.
14. **WEED CONTROL.** EnCana shall be responsible for controlling all noxious weeds on any Well Pad, Road Right-of-Way and Pipeline Right-of-Way. EnCana shall also be responsible for preventing such noxious weeds from spreading to Subject Lands adjacent to any of these areas.
  - a. Adjacent Areas. In the event such noxious weeds spread to adjacent areas of the Subject Lands, EnCana shall be responsible for controlling the noxious weeds on those lands as well, provided that such adjacent areas of the Subject Lands were free of such noxious weeds prior to construction of the Well Pad, Road Right-of-Way or Pipeline Right-of-Way, as the case may be. If the adjacent areas of the Subject Lands were not free of such noxious weeds prior to such construction, EnCana's responsibility shall be limited to reasonable control of such noxious weeds only on the lands that comprise the Well Pads, Road Right-of-Way or Pipeline Right-of-Way.
  - b. Weed Control. If EnCana locates, or Owner notifies EnCana in writing of the location of, noxious weeds on any areas subject to this Section 14, EnCana shall implement control procedures before the noxious weeds go to seed.
  - c. Term of Responsibility. EnCana's responsibility for noxious weed control under this Section 14 shall be ongoing and shall continue even after a Reclamation

Event, until such time as Owner provides EnCana with a written release of EnCana's further obligation to control noxious weeds on the Subject Lands or five (5) years from the Reclamation Event, whichever occurs first.

15. **EROSION CONTROL.** EnCana shall be responsible for controlling all erosion of soils at the Well Pads, Road Rights-of-Way, Pipeline Rights-of-Way, and on lands adjacent to the Subject Lands that is caused by the activities of EnCana or its employees, contractors, sub-contractors, or agents. Such erosion control shall include, without limitation, re-contouring, reseeding and re-vegetating such lands and restoring any reservoirs or waterways to their previous quality and capacity. EnCana's responsibility for erosion control pursuant to this Section 15 shall be ongoing and shall continue even after termination of EnCana's use of the Well Pad, Road Right-of-Way, and Pipeline Right-of-Way, until such time as Owner provides EnCana with a written release of EnCana's further obligation to control erosion on the Subject Lands or five (5) years from the Reclamation Event, whichever occurs first.

16. **MAINTENANCE, DUST CONTROL AND SPEED LIMITS.**

- a. Repair of Improvements. All Owner's currently existing access roads, fences, cattle guards, and gates impacted by EnCana's Well Pads, Road Rights-of-Way or Pipeline Rights-of-Way shall be maintained by EnCana in as good condition as existed at the time of the execution of this Agreement. Owner shall give EnCana written notice of degradation or damage to such improvements caused by EnCana's operations. Within a reasonable time after such notice (not to exceed seven (7) days, subject, however, to inclement weather conditions), if EnCana fails to repair or restore the roads, fences, cattle guards, or gates to the condition described above and Owner performs remediation or restoration on such improvements, EnCana shall reimburse Owner for all costs associated with such remediation or restoration within fifteen (15) days of receipt of an itemized invoice for such work.
- b. Dust Control. EnCana agrees to water roads on the Subject Lands or use other reasonable measures to reduce excess dust from road use during drilling and completion operations. Following drilling and completion, EnCana agrees to continue such dust control measures to the same standard as required for roads on the federal lands which are adjacent to the Subject Lands.
- c. Speed Limit. EnCana agrees that the speed limit on any access road shall be 25 m.p.h. and if, as determined by Owner, such speed is exceeded by any EnCana employee, contractor, sub-contractor, agent, business invitee or other visitor, EnCana shall be assessed a fine of [REDACTED] per occurrence. Any fines assessed under this subsection 16(c) shall be paid by EnCana on the next Payment Date. Notwithstanding the foregoing, Owner must notify EnCana at any time the total fines assessed exceed [REDACTED].

17. **LAWS, RULES AND REGULATIONS.** EnCana shall, at its sole expense, comply with and take steps to ensure its agents comply with all federal, state and local statutes, rules, regulations and ordinances, including without limitation, those relating to safety and the environment, that are applicable to EnCana's and/or its agents' use of the Subject Lands.

18. **DRUGS, ALCOHOL, FIREARMS AND DOGS.** EnCana shall not allow the use, possession, transfer, purchase or sale of illegal drugs, narcotics, or other unlawful substances and materials by EnCana or its employees, contractors, sub-contractors, agents, business invitees or other visitors while on the Subject Lands. The use, possession, transfer, purchase or sale of alcoholic beverages, firearms and other weapons upon the Subject Lands is expressly prohibited. No dogs are permitted on the Subject Lands. EnCana agrees to notify all of its contractors, agents and employees of these restrictions. Any individual who violates this provision may be denied access by Owner.
19. **IMPROVEMENTS.** Upon termination of this Agreement, all permanent buildings, fixtures or improvements placed on the Subject Lands, not otherwise disposed of as provided for in this Agreement, shall become property of Owner. No water, timber, rock, dirt, gravel or other materials or minerals shall be sold or removed from the premises by EnCana or its agents without the prior written permission of Owner.
20. **NO RECREATION.** No hunting, trapping, fishing, camping, sightseeing, horseback riding, use of recreational vehicles, or any other use not expressly allowed in this Agreement, by EnCana or its employees, contractors, sub-contractors, agents, business invitees or other visitors, is permitted on the Subject Lands, and no such rights are granted by this Agreement.
21. **ELECTRICAL LINES.** Owner, at Owner's expense, shall have the right to connect into any electrical line constructed by EnCana on the Subject Lands. Thereafter, Owner shall pay the market rate for electricity used by Owner according to a meter to be installed by Owner, at Owner's expense, on any structure receiving electricity. If Owner elects to exercise its rights under this Section 21, Owner shall be responsible only for its costs described in this Section 21, and shall not be responsible for sharing any portion of the costs of installation of the main electrical line which is connected to by Owner.
22. **HAZARDOUS MATERIALS INCIDENTS.** If requested by Owner, EnCana shall provide Owner copies of all forms, notices, plans, tests or other documentation regarding spills or blow-outs on the Subject Lands that are filed with the COGCC, local government representative, or any other regulatory agency.
23. **VARIANCES.** A copy of any requests by EnCana for variance from surface use or reclamation regulations, not requiring a petition and notice to Owner, shall be delivered to Owner at the same time as delivery to the COGCC.
24. **INSURANCE.** At all times while this Agreement is in effect, and as may be necessary for any obligations that survive this Agreement as described in Section 35, EnCana shall keep its operations insured, or comply with applicable self-insurance laws and regulations, for automobile, general liability, and workmen's compensation insurance, as well as for any damages incurred on or to the Subject Lands.
25. **WAIVER OF WARRANTY OF TITLE.** This Agreement is made subject to any and all existing third-party easements, rights-of-way, liens, agreements, burdens, encumbrances, restrictions, and defects in title affecting the Subject Lands. Owner does not in any way warrant or guaranty title to the Subject Lands.

26. **WAIVER OF RIGHTS TO CONDEMN.** Except as provided in this Agreement, EnCana waives any rights it may have to condemn additional easements, rights-of-way, or Well Pads on or across the Subject Lands.
27. **LEASED PUBLIC LANDS.** The provisions of Sections 10, 14 and 34 shall also apply to all public lands that Owner presently leases in Rio Blanco and Garfield Counties, Colorado, as long as Owner leases such lands and such provisions do not conflict with governmental rules and regulations.
28. **LIENS.** EnCana shall, at its sole expense, keep the Subject Lands free and clear of all liens and encumbrances resulting from EnCana's and its agents' activities on the Subject Lands, and shall indemnify and hold harmless Owner from and against any and all liens, claims, demands, costs, and expenses, including, without limitation, reasonable attorney fees and court costs, in connection with, or arising out of, any work done, labor performed, or materials furnished.
29. **CONFIDENTIALITY.** Owner will keep the terms of this Agreement confidential and will not disclose the same to any third party, except for disclosure to Owner's accountants and attorneys who will also be bound by this obligation of confidentiality. Owner shall make no disclosures regarding the financial terms of this Agreement to its landlords or lessors for grazing leases, but may make any other disclosures upon EnCana's written consent, which consent shall not be unreasonably withheld.
30. **OWNER REPRESENTATIVE.** Owner designates Reuben G. Oldland as representative ("Owner Representative") to receive notices and payments pursuant to this Agreement. EnCana shall be entitled to rely on any instructions or authorizations from the Owner Representative. No change of Owner Representative shall be binding on EnCana until EnCana has received written notice from all of the other parties to this Agreement.
31. **PAYMENT DATE.** The "Payment Date" means the first and all subsequent annual anniversaries of the date of the execution of this Agreement. The first Payment Date shall occur on the first anniversary of the execution of this Agreement. Within thirty (30) days following the Payment Date, EnCana shall summarize, in the form of Exhibit D, all annual payments referenced in this Agreement, as adjusted for inflation in accordance with Section 32, and submit them to Owner for approval. The Owner Representative shall then provide EnCana his or her written approval and/or objections along with the party or parties to which payment(s) should be made, as well as a schedule listing Owner's horses and the market value for each. EnCana shall remit the amount owed to the party(ies) designated by the Owner Representative within fifteen (15) days of his or her approval. As used in this Agreement, the "Current Payment Date" means the Payment Date for the year in question. The "Previous Payment Date" means the preceding Payment Date.
32. **INFLATION ADJUSTMENT.** All fees, costs, rentals, penalties, assessments or payments of any nature described in this Agreement shall be adjusted every two (2) years to account for inflation. Beginning with the payment on the third anniversary of this Agreement, and every two (2) years thereafter, the amount of the annual payments shall be adjusted according to the then prevailing Inflation Factor ("Inflation Factor"). The annual increase in the Inflation Factor shall be determined by the annual CPI for the West region, as published by the U.S. Department of Labor, Bureau of Labor Statistics, for the

year of adjustment. A definition and example of the Inflation Factor is provided in the attached and incorporated Exhibit C.

33. **TERM.** This Agreement shall terminate and all rights under this Agreement shall revert to Owner when the Subject Lands have not been used by EnCana or its affiliates, successors or assigns for the purposes described in this Agreement for a period of two (2) years, subject to the survival of EnCana's obligations described elsewhere in this Agreement. All fees, payments, costs, rents and/or other compensation shall continue unabated until all reclamation efforts are completed, and drilling, extraction, maintenance or other activities not associated with reclamation of the Well Pad(s) have been completed in accordance with this Agreement. Notwithstanding the termination of this Agreement, EnCana shall not be deemed to have released the rights it may have under any oil and gas lease which is still in effect and which covers any portion of the Subject Lands.

34. **LIABILITY OF THE PARTIES.**

- a. Indemnity. EnCana covenants and agrees to fully defend, protect, indemnify, and hold harmless Owner, its officers, directors, partners, principals, employees and agents (collectively, "Agents"), from and against each and every claim, demand or cause of action and liability, cost and/or expense (including but not limited to reasonable attorney fees and costs incurred in defense of Owner and its Agents), for damage or loss in connection therewith, which may be made or asserted by EnCana, its officers, directors, partners, employees and/or agents, or which may be asserted by any third party (including but not limited to Owner's Agents), on account of personal injury, death or property damage caused by, arising out of, or in any way incidental to or in connection with, EnCana's use of the Subject Lands or the rights granted under this Agreement, except to the extent such damage or injury results from the actions of Owner or its Agents or such liability has been assumed by Owner. Where personal injury, death, or loss of or damage to property is the result of the joint actions of Owner or its Agents and EnCana, EnCana's duty of indemnification shall be in proportion to its allocable share of such action.
- b. Environmental Claims. It is expressly agreed that the indemnity obligation described in this Section 34 specifically includes, but is not limited to, claims arising under all federal, state and local environmental laws, rules and regulations.
- c. Force Majeure. Neither party shall be liable to the other for any damages or for failure to perform its obligations under this Agreement due to fire, earthquake, flood, windstorm and other like casualty or other causes beyond its reasonable control (including but not limited to inability to complete Reclamation responsibilities due to adverse conditions such as drought; provided, however, that such responsibilities shall continue but with an extension of the completion deadline), nor for damages caused by public improvements or condemnation proceedings.

35. **SURVIVAL OF OBLIGATIONS.** All obligations, indemnities, duties, and liabilities undertaken by EnCana under this Agreement shall survive the termination of this Agreement, to the extent described elsewhere in this Agreement. The provisions of this



Agreement related to EnCana's activities on the Subject Lands, including but not limited to the provisions regarding livestock, damages, fences, weed control, and erosion control shall also be applicable during the Reclamation period.

36. **NON-EXCLUSIVE USE AND RESERVATIONS.** All rights granted in this Agreement are limited to the specific grant(s) described in this Agreement. Except as may be specifically provided elsewhere in this Agreement, this Agreement does not, in any way, convey any water rights or the right to use water, nor does it convey any rights to construct a compressor or related facility, or to mine, drill, remove, process, treat or produce, in any way, oil shale or other minerals not specifically provided for in this Agreement that are located or may be located in, on or beneath the Subject Lands. Owner reserves to itself and its successors and assigns all rights not specifically granted to EnCana in this Agreement.

37. **NOTICES.**

- a. Requirements. Wherever provision is made in this Agreement for the giving, service, or delivery of any notice, statement, payment, or other instrument, such notice shall be given by (i) personal delivery, or (ii) United States first class, regular or certified mail, postage prepaid, addressed to the party entitled to receive the same at the address stated in the introductory paragraph; provided, however, that each party may change that party's mailing address by giving the other party written notice of change of such address in the manner provided in this subsection 37(a). Mail shall be deemed to have been given, served and delivered upon the fifth delivery day following the date of the mailing; personal delivery shall be deemed to have been given, served and delivered upon receipt.
- b. COGCC Notices. If requested by Owner, EnCana shall provide Owner with a copy of any "Change of Operator" notice filed with the COGCC, and EnCana shall provide Owner a copy of any notice filed with the COGCC regarding public health, safety, or emergency matters. EnCana shall notify Owner of a spill of E&P waste or any other substance.
- c. Construction and Reclamation Notices. EnCana shall provide Owner written notice of both the start date and completion date of all construction and reclamation projects contemplated under this Agreement including Wells, Well Pads, new roads, road extensions, pipelines, pipeline extensions, temporary pipelines, water wells, water springs, diversions, restoration, remediation and re-vegetation. EnCana's construction, completion, and/or reclamation responsibilities shall not be deemed to have been completed without having provided such written notice of construction, completion and/or reclamation.
- d. Fines. Unless otherwise provided in this Agreement, Owner must provide written notification to EnCana a minimum of fifteen (15) days prior to assessing any fines.

38. **AMENDMENTS.** This Agreement may only be amended by the written agreement of both parties. This Agreement cannot be amended or terminated orally.

39. **HEADINGS.** Section headings or captions contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision.
40. **CONSTRUCTION.** Whenever required by the context of this Agreement, the singular shall include the plural, and vice versa; and the masculine gender shall include the feminine and neuter genders, and vice versa. The provisions of this Agreement have been independently, separately and freely negotiated by the parties as if drafted by both of them. The parties waive any statutory or common law presumption that would serve to have this Agreement construed in favor of or against either party.
41. **APPLICABLE LAW, ATTORNEY FEES AND DEFAULT.** This Agreement and the rights of the parties under it shall be interpreted in accordance with the laws of the State of Colorado, by the district court in the county where the Subject Lands are located. In the event of any dispute, the prevailing party shall be entitled to recover its reasonable costs and attorney fees, including post-judgment collection costs, in addition to actual damages.
- a. Cooling-off Period. Notwithstanding any other provision of this Agreement, no litigation shall be initiated by Owner for damages, forfeiture or cancellation with respect to any breach or default by EnCana hereunder, unless Owner has given EnCana thirty (30) days written notice describing the breach or default, and then only if EnCana fails to remedy the breach or default within such thirty (30) day time period. Neither the service of the notice nor the conduct by EnCana of any actions to cure or attempt to cure a breach that is alleged by Owner shall be deemed an admission or presumption that EnCana has failed to perform its obligations hereunder.
  - b. No Limitation of Actions. Nothing in this Agreement shall be construed to limit or abridge a party's right to seek termination of this Agreement upon the other party's default of a term or condition described herein.
  - c. Owner incurred Legal Fees. EnCana shall reimburse legal fees incurred by Owner in preparation of this Agreement up to [REDACTED]. EnCana shall also reimburse legal fees incurred by Owner for future amendments to this Agreement up to [REDACTED] per amendment.
42. **NATURE OF RELATIONSHIP.** The parties acknowledge and agree that this Agreement does not create any special relationship between the parties, including without limitation, that of joint venturers or partners. Nothing in this Agreement shall be construed as designating either party an agent of the other.
43. **WAIVER.** The failure of either party to enforce any of its rights under this Agreement upon any occasion shall not be deemed a waiver of such rights on any subsequent occasion(s). The waiver, either express or implied, by any party of any of the rights, terms or conditions in this Agreement shall not be deemed as or constitute a waiver of any other rights, terms or conditions in this Agreement. Any waiver, in order to be valid and effective, must be in writing.
44. **SEVEREABILITY.** If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws applicable to this Agreement, the parties

intend that the remainder of this Agreement shall remain in full force and effect so as to fulfill as fully as possible the intent of the parties as expressed by the then existing terms of the Agreement, including the invalidated provision.

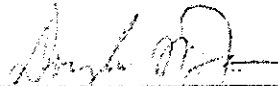
45. MERGER OF PRIOR AGREEMENTS. This Agreement contains the sole and entire agreement and understanding of the parties with respect to its subject matter and shall supersede all Prior Agreements, if any, insofar as they pertain to the subject matter of this Agreement between the parties. All prior discussions, negotiations, commitments, and understandings relating to the subjects of this Agreement are merged into it.
46. HEIRS, SUCCESSORS AND ASSIGNS. Subject to any limitations on assignment provided in this Agreement, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and assigns. Assignment by EnCana of some or all of its rights hereunder shall not release EnCana from liability under this Agreement, unless specifically released by Owner in writing. Any assignee of EnCana shall be required to obtain and provide Owner with evidence of adequate insurance to cover its operations, as described in Section 24, with coverages equal to or greater than those of EnCana immediately prior to the assignment.
47. TRANSFER OF OWNER'S INTEREST. No transfer of Owner's interest (by assignment or otherwise) shall be binding on EnCana until EnCana has been furnished with notice, consisting of copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Owner, and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on EnCana. If less than Owner's entire interest in the Subject Lands is transferred, such notice shall also specify the method of apportionment of all payments to be made by EnCana pursuant to this Agreement. No present or future division of Owner's ownership as to different portions or parcels of the Subject Lands shall operate to enlarge the obligations or diminish the rights of EnCana, and all EnCana's operations may be conducted without regard to such division.

EXECUTED this 11<sup>th</sup> day of February, 2005.

OWNER:

ENCANA OIL & GAS (USA) INC.

By: Reuben G. Oldland  
Reuben G. Oldland

By: Doug W. Jones   
Doug W. Jones  
Attorney in Fact

By: Stephanic D. Oldland  
Stephanic D. Oldland

By: Eva Christine Uphoff  
Eva Christine Uphoff

By: Timothy James Uphoff  
Timothy James Uphoff

By: [Signature]  
Gerald A. Oldland

OLDLAND BROTHERS, INC.

By: [Signature]  
Reuben G. Oldland  
Its: President

OLDLAND AND UPHOFF, a Partnership

By: [Signature]  
Reuben G. Oldland  
Its: General Partner

Date: 2/1/05

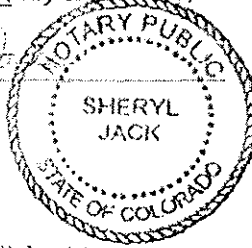
Date: 2/1/05

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
 )  
COUNTY OF MESA )

The foregoing instrument was acknowledged before me on this 1<sup>st</sup> day of February, 2005 by Reuben G. Oldland.

[Signature]  
Notary Public



My Commission Expires: 02/22/2008

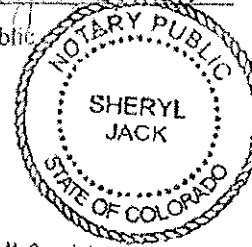
My Commission Expires 02/22/2008

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
 )  
COUNTY OF MESA )

The foregoing instrument was acknowledged before me on this 1<sup>st</sup> day of February, 2005 by Stephanie D. Oldland.

[Signature]  
Notary Public

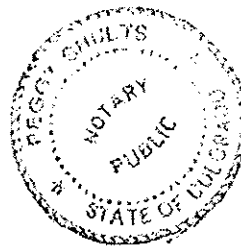


My Commission Expires: 02/22/2008

My Commission Expires 02/22/2008

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
COUNTY OF RIO BLANCO )



The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of February, 2005 by Eva Christine Uphoff.

Notary Public Peggy Schultz  
664 Main Street  
Meeker, Colorado  
81641

My Commission Expires: September 18, 2006

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
COUNTY OF RIO BLANCO )



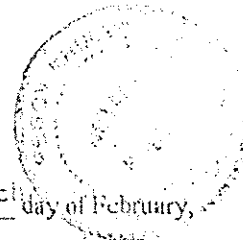
The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of February, 2005 by Timothy James Uphoff.

Notary Public Peggy Schultz  
664 Main Street  
Meeker, Colorado  
81641

My Commission Expires: September 18, 2006

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
COUNTY OF RIO BLANCO )



The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of February, 2005 by Gerald A. Oldland.

Notary Public Peggy Schultz  
664 Main Street  
Meeker, Colorado  
81641

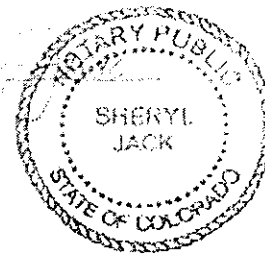
My Commission Expires: September 18, 2006

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
 MESA )  
COUNTY OF RIO BLANCO )

The foregoing instrument was acknowledged before me on this 11<sup>th</sup> day of February, 2005 by Reuben G. Oldland as President of Oldland Brothers, Inc., on behalf of said corporation.

[Signature]  
Notary Public



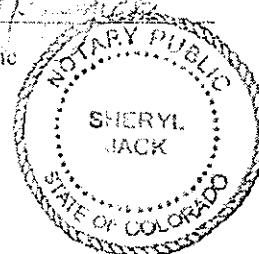
My Commission Expires: 01/22/08

ACKNOWLEDGMENT

STATE OF COLORADO )  
 )  
 MESA )  
COUNTY OF RIO BLANCO )

The foregoing instrument was acknowledged before me on this 11<sup>th</sup> day of February, 2005 by Reuben G. Oldland as General Partner of Oldland and Uphoff, a partnership, on behalf of said partnership.

[Signature]  
Notary Public



My Commission Expires: 02/22/08

ACKNOWLEDGMENT

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

The foregoing instrument was acknowledged before me on this 11<sup>th</sup> day of February, 2005 by Doug W. Jones as Attorney in Fact for ENCANA OIL & GAS (USA) Inc., a Delaware corporation, on behalf of said corporation.

Douglas W. Jones

[Signature]  
Notary Public

My Commission Expires: 9-8-08

EXHIBIT A  
Subject Lands

The Subject Lands are defined as follows:

Township 3 South, Range 96 West

Section 8: E/2NE  
Section 9: S/2NW  
Section 15: SENW, NESW, W/2SE  
Section 16: E/2SW  
Section 20: SENW  
Section 21: N/2NE, E/2NW, S/2SW, W/2SE  
Section 22: W/2NW, NWSW, E/2SW  
Section 26: S/2SE, SESW  
Section 27: NW, N/2SW  
Section 28: W/2NE, NESE  
Section 29: SWNW  
Section 31: W/2NE  
Section 35: NE, NWSE

Township 4 South, Range 96 West

Section 6: Lots 1, 2 E/2NE  
Section 16: NE, W/2SW  
Section 17: E/2SE  
Section 21: SW  
Section 28: W/2  
Section 29: E/2, SW, S/NW, NENW  
Section 30: SE, E/2SE  
Section 31: N/2NE, NENW  
Section 32: N/2, SE  
Section 33: W/2, NWNE

Township 4 South, Range 97 West

Section 1: SENE, NESE, W/2SE, SESW  
Section 12: NE, SENW, N/2SE, E/2SW, SWSW  
Section 13: W/NW  
Section 14: E/2NE, SWNE, SE, SESW  
Section 23: W/2NE, SENW, NESW  
Section 24: S/2, S/2NE/4  
Section 25: NW, NWNE  
Section 26: SENE

Township 5 South, Range 96 West

Section 7: Lots 1-4, S/2NE, NESE  
Section 17: NW  
Section 18: Lots 1-4, NE

Township 5 South, Range 97 West

Section 1: S/2NW1/4, NWSW, S/2SESE  
Section 2: Lots 7, 8, S/2NE, N/2SE, S/2NW  
Section 3: Lots 5-7, SENE  
Section 12: E/2SE, N/2N/2NE/NE  
Section 13: E/2NE

## EXHIBIT C

**DEFINITION OF THE INFLATION FACTOR:** The Inflation Factor is the cumulative factor of all previous inflation rates as defined by the Consumer Price Index (CPI) and is applied to each respective two-year period following the month and year of the Effective Date. The Inflation Factor is calculated by dividing the CPI for the month and year in question by the CPI published in the month and year of the Effective Date. The Inflation Factor is applied to certain annual, contingent and one-time fees, penalties, payments, rents and/or compensation made to Owner and is revised every two (2) years. The Inflation Factor will first apply to the payments made on the third anniversary of the Effective Date, for charges incurred during the third year of this Agreement, and will be revised every two (2) years thereafter. EnCana agrees to include an explanation and historical account of all previous Inflation Factors with all payments to Owner.

### Example

Assuming that the CPI for the year and month of the Effective Date is 193.4 and that the CPI on the third Payment Date, three (3) years from the date of execution of this Agreement, is 196.2, then the Inflation Factor for payments in years three (3) and four (4), three (3) and four (4) years after the execution of this Agreement respectively, would equal  $(196.2/193.4)$ , or 1.0144. Certain fees and payments for years three (3) and four (4) should be multiplied by this Inflation Factor. For example, assuming there are five (5) Well Pads in operation in year three (3), then the corresponding for Annual Access Payment year three (3) would be [REDACTED], multiplied by the Inflation Factor calculated at the end of year three (3). Thus, the revised Annual Access Payment would equal [REDACTED] or [REDACTED] in year three (3). The Annual Access Payment in year four (4) would remain [REDACTED] unless additional Well Pads are created during year four (4), which would result in an increased Annual Well Pad Access Payment under subsection 3(d). Subsequently, in year five (5), a new Inflation Factor should be calculated and applied to all payments in years five (5) and six (6).



**EXHIBIT D**

<b>I. Well Pads</b>			
Well Pads Constructed Since Previous Payment Date	+	Well Pads Existing on Previous Payment Date	= Total Well Pads on Current Payment Date (a)
<b>II. Access Fee</b>			
Total Well Pads on Current Payment Date (a)	x	Annual Access Fee per Well Pad	= Access Fee prior to inflation adjustment (b)
<b>III. Fines, Miscellaneous Fees and Late Payments</b>			
Late Payment Days	x	Dollars per day	= Total Fee
Growing Crops Acres Lost	x	Dollars per acre	=
Speeding Tickets	x	Dollars per ticket	=
Gate Open Hours	x	Dollars per hour	= (c)
<b>IV. Inflation Factor</b>			
CPI for Period in Question	=	CPI on Execution Date of this Agreement	= Inflation Factor for Current Period (d)
			To be determined
<b>V. Total Payment on Current Payment Date</b>			
Total Access Fee (b)	+	Total Fees and Fines (c)	= Total Payment before Inflation (f)
Inflation Factor (d)	x	Total Payment before Inflation (f)	= Total Payment after Inflation Adjustment
<b>Newly Constructed Well Pads:</b>			
Legal Description:			
Easement Description:			
Size in Acres:			
Number of Wells:			
<b>Previously Constructed Well Pads:</b>			
Legal Description:			
Easement Description:			
Size in Acres:			
Acres Extended since Prior Payment Date:			
Number of Wells:			

**Wildlife Impact and Sensitive Area Report  
ConocoPhillips Phase II Gathering System**

**Garfield County Permit Application**



**Greater sage-grouse, *Centrocercus urophasianus***

**Prepared for  
EnCana Oil & Gas (USA) Inc.  
2717 County Road 215  
Parachute, CO 81635**

**Prepared by  
WestWater Engineering Inc.  
2516 Foresight Circle #1  
Grand Junction, CO 81505**

**December 2007**

# Wildlife Impact and Sensitive Area Survey Report ConocoPhillips Phase II Gathering System

## Garfield County Pipeline Permit Application

### INTRODUCTION

A field inspection of the proposed ConocoPhillips Phase II Gathering System (CoP Phase II) was conducted by WestWater Engineering (WWE) biologists during September 2007, at the request of EnCana Oil & Gas (USA), Inc. (EnCana). CoP Phase II is located on both sides of the drainage divide between Parachute Creek and Piceance Creek primarily on private surface of the Roan Plateau. The southerly private surface is mostly EnCana's North Parachute Ranch (NPR). Other private surface is owned by Uphoff's or Oldland's. This phase consists of approximately 21 well connect pipelines, 8 trunk pipelines, and 10 Central Distribution Points (CDP) in 23 sections of mostly private surface in Township 4 and 5 South, Range 96 and 97 West, 6<sup>th</sup> P.M.

Pipelines 124,317 feet long (23.5 miles) by up to 70 feet wide result in 156.7 acres of temporary disturbance. Ten CDPs 150 ft x 150 ft add another 6.2 acres of disturbance for the life of the project. A field inspection of the proposed gathering system and CDPs was conducted during the period September 5-12, 2007. Surveyed facilities are shown in Figure 1, page 17.

The inspection identified appropriate topics for inclusion in a wildlife and sensitive area report for Garfield County Regulations 5.03.07 and 9.07.04 {10} (Board of County Commissioners 2006). Factors considered include threatened or endangered plants or animals, species of special concern, Clean Water Act regulated waterways and wetlands.

### LANDSCAPE SETTING

The Parachute Creek basin covers approximately 200 square miles and includes much of the central and western portions of the Roan Plateau. Elevations range from 5,800 to more than 8,250 feet above sea level. Terrain is gently sloping to very steep. Edges of the plateau are defined by steep slopes and the prominent escarpments known as the Roan Cliffs to the south. With elevations of more than 9,000 feet and dissected topography of extensive areas of north-facing slopes result in complex soils and vegetation. From the top the plateau slopes generally southward and is steeply dissected by generally west-flowing tributaries of Parachute Creek and generally north flowing tributaries of Piceance Creek. Together, these factors create a rich diversity of vegetation communities supporting important wildlife and ranching resources (BLM 1997).

The predominant vegetation community in the affected area is big sagebrush (*Artemisia tridentata* spp.) shrub-steppe, which is found along stream channels, in valley bottoms and flats and ridges (Lindauer *et al.* 1982). Mountain big sagebrush is the most common subspecies in the affected area and is found on ridge-tops and areas with deep soil and better moisture. Wyoming big sagebrush is found on coarser soils while basin big sagebrush is found at lower, drier elevations with deep, fine soils. Big sagebrush steppe forms mosaics with aspen (*Populus tremuloides*) woodlands and, to a lesser extent, mixed mountain shrublands, e.g., *Quercus gambeli-Cercocarpus montanus*, and riparian woodlands with narrowleaf cottonwood (*Populus*

*angustifolia*), mountain boxelder (*Acer negundo*), chokecherry (*Prunus virginiana*), and sumac (*Rhus trilobota*) (NRCS 2007).

## METHOD

The field survey conducted by WWE covered perimeters of facilities and adjoining lands which were surveyed by foot for vegetation communities and threatened, endangered or sensitive species of plants, wildlife, wetlands, and waterways and any other natural or man-made features of note. A few project features are constructed, and, in those cases, surrounding areas were surveyed.

All woodlands within one quarter mile of facilities were visually inspected for the presence of raptor nests. Most raptor nests have been previously identified on NPR (WWE 2006).

Any sign, sighting or other evidence of greater sage-grouse (*Centrocercus urophasianus*) presence was noted, photographed, and described. Attention was given to monitoring for presence of other sensitive avifauna listed by U.S. Fish and Wildlife Service in the Birds of Conservation Concern (BOCC) (USFWS 2002).

Aquatic resources were noted as found. These included any ephemeral drainage-way appearing to have conveyed water in the past 12 months and regulated wetlands.

## RESULTS

Findings of the survey resulted in the identification of several important wildlife and other sensitive resources. These resources can be grouped into the following categories and sub-categories: 1) Greater Sage-grouse (GRSG), 2) Other Avifauna (raptors, birds of conservation concern), 3) Sensitive flora [Threatened, Endangered, Sensitive Species (TESS) plants], 4) Wetlands, and 5) Regulated waterways [Army Corps of Engineers (ACOE)]. Most direct observations occurred for GRSG and raptors. The most visible Garfield County species of statewide significance mapped by the CDOW with relatively high presence in the project area is the GRSG (Cover Photo and Photo 1).

Other species with documented abundance are red-tailed hawk and Cooper's hawk. Two of many raptors nesting in the project area along with sharp-shinned hawk, several red-tailed hawks and a Cooper's hawk were observed during the survey. Most red-tailed hawks encountered seemed to be juveniles that had not yet migrated with adults at the time of the survey (Photo 2) with the exception of the adult red-tailed hawk shown in Photo 4. Most raptor nests (Photo 3) on NPR have been previously located and locations are shown in Figure 1, page 17.



**Photo 1, Greater sage-grouse encountered during the survey**



**Photo 2. Red-tail hawk nest documented by presence of tail feathers beneath**



**Photo 3. Juvenile red-tailed hawk above Jack Rabbit Ridge near K17-596**



**Photo 4. Red-tailed hawk encountered during survey near M32-496 north of the West Fork**

Table 1 is a list of wildlife species that could occur at or near the project features, status in Garfield County and an estimate of relative abundance where found in the county. The data, obtained from the Colorado Division of Wildlife (CDOW) County Species Occurrence database, was extracted and modified by WWE biologists based on the vegetation communities present at the site and within one quarter mile (CDOW 2006). Wildlife likely present in those vegetation associations during at least one season of the year were filtered from the county-wide list.

**Table 1. Potential Wildlife Species Occurrence Checklist  
for CoP Phase II Gathering System area**

Common Name	Scientific Name	Occurrence	Abundance
<b>Amphibians</b>			
Great Basin Spadefoot	<i>Spea intermontana</i>	Known to occur	Uncommon
Northern Leopard Frog	<i>Rana pipiens</i>	Known to occur	Fairly Common
Tiger Salamander	<i>Ambystoma tigrinum</i>	Known to occur	Common
Western Chorus Frog	<i>Pseudacris triseriata</i>	Known to occur	Fairly Common
Woodhouse's Toad	<i>Bufo woodhousii</i>	Known to occur	Common
<b>Birds</b>			
American Crow	<i>Corvus brachyrhynchos</i>	Known to occur	Fairly Common
American Dipper	<i>Cinclus mexicanus</i>	Known to occur	Uncommon
American Goldfinch	<i>Carduelis tristis</i>	Known to occur	Fairly Common
American Kestrel	<i>Falco sparverius</i>	Known to occur	Fairly Common
American Peregrine Falcon	<i>Falco peregrinus anatum</i>	Known to occur	Rare
American Robin	<i>Turdus migratorius</i>	Known to occur	Common
Bald Eagle	<i>Haliaeetus leucocephalus</i>	Known to occur	Unknown
Band-tailed Pigeon	<i>Columba fasciata</i>	Known to occur	Uncommon
Bank Swallow	<i>Riparia riparia</i>	Known to occur	Common
Barn Swallow	<i>Hirundo rustica</i>	Known to occur	Common
Bewick's Wren	<i>Thryomanes bewickii</i>	Known to occur	Fairly Common
Black Rosy Finch	<i>Leucosticte atrata</i>	Known to occur	Unknown
Black-billed Magpie	<i>Pica pica</i>	Known to occur	Common
Black-capped Chickadee	<i>Poecile atricapillus</i>	Known to occur	Fairly Common
Black-chinned Hummingbird	<i>Archilochus alexandri</i>	Known to occur	Common
Black-throated Gray Warbler	<i>Dendroica nigrescens</i>	Known to occur	Common
Blue-winged Teal	<i>Anas discors</i>	Known to occur	Rare
Brewer's Blackbird	<i>Euphagus cyanocephalus</i>	Known to occur	Common
Brewer's Sparrow	<i>Spizella breweri</i>	Known to occur	Common
Broad-tailed Hummingbird	<i>Selasphorus platycercus</i>	Known to occur	Common
Brown Creeper	<i>Certhia americana</i>	Known to occur	Uncommon
Brown-capped Rosy Finch	<i>Leucosticte australis</i>	Known to occur	Uncommon
Brown-headed Cowbird	<i>Molothrus ater</i>	Known to occur	Common
Bullock's Oriole	<i>Icterus bullockii</i>	Known to occur	Fairly Common
Bushtit	<i>Psaltriparus minimus</i>	Known to occur	Uncommon
Canyon Wren	<i>Catherpes mexicanus</i>	Known to occur	Uncommon
Cassin's Finch	<i>Carpodacus cassinii</i>	Known to occur	Fairly Common
Chukar	<i>Alectoris chukar</i>	Known to occur	Uncommon
Cinnamon Teal	<i>Anas cyanoptera</i>	Known to occur	Fairly Common
Clark's Nutcracker	<i>Nucifraga columbiana</i>	Known to occur	Fairly Common
Cliff Swallow	<i>Petrochelidon pyrrhonota</i>	Known to occur	Abundant
Common Raven	<i>Corvus corax</i>	Known to occur	Fairly Common
Cooper's Hawk	<i>Accipiter cooperii</i>	Known to occur	Uncommon
Dark-eyed Junco	<i>Junco hyemalis</i>	Known to occur	Common
Downy Woodpecker	<i>Picoides pubescens</i>	Known to occur	Uncommon
Dusky Grouse	<i>Dendragapus obscurus</i>	Known to occur	Uncommon
Field Sparrow	<i>Spizella pusilla</i>	Known to occur	Unknown