

6014

**BITTER CREEK PIPELINES, LLC
PIPELINE EASEMENT BY OWNER**

THIS INDENTURE, made this 13th day of August, A.D., 2007, between BITTER CREEK PIPELINES LLC, 1250 West Century Avenue, Bismarck, North Dakota 58501, hereinafter called "COMPANY," its successors and assigns, and the following names persons, herein, whether singular or plural, called "OWNER," namely:

Pennaco Energy, Inc.
3601 Southern Drive
Gillette, WY 82718

WITNESSETH, that for valuable considerations received, OWNER does hereby grant, bargain, sell and convey unto COMPANY, its successors and assigns, an easement 50 feet in width, being 25 feet left, and 25 feet right of the center line as laid out and/or surveyed, or as finally installed on the hereinafter described lands, together with the right to construct, operate, maintain, repair, increase the capacity of, remove, and replace a gas pipeline including necessary surface facilities as itemized through, over, under and across the following described real estate, situated in the County of Sheridan, State of Wyoming namely:

T58N-R82W
[Section 20: pt. S1/2NW1/4]

Construction activity for the installation of the line covered under this easement will require a temporary construction easement up to 100 feet in width depending on the terrain. At the completion of construction, easement will revert to 50 feet as specified. Burial depth of installed line will be sufficient to afford 48" of cover for line from reclaimed surface. Compensation for this easement will be \$25 per lineal rod of pipeline as installed. Any use of additional OWNER's surface for construction in excess of the 100 foot planned construction easement will be compensated \$10 for each additional square rod of surface damaged outside the proposed construction easement. Construction activity will not include any use of OWNER's property for parking of office or temporary living quarters by COMPANY. No major maintenance work on construction equipment utilized during construction of the pipeline will be performed on OWNER's property other than that necessary to allow a piece of equipment to be moved off OWNER's property for work.

OWNER, its successors and assigns, may cross right-of-way and construct such facilities as water lines, roads, fences, and other improvements which will not unreasonably interfere with COMPANY's rights granted herein. OWNER, its successors and assigns, agrees not to build, create or construct or permit to be built, created, or constructed, any obstruction, building, engineering works or other structures upon, over, or under the strip of land herein described or that would interfere with COMPANY'S rights hereunder.

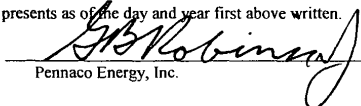
OWNER, its successors and assigns, hereby grants to COMPANY, its successors and assigns, the right at all reasonable times to enter upon said premises for the purpose of laying, constructing, maintaining, operating, replacing, increasing the capacity of, repairing or removing said gas pipeline or lines and for the purpose of doing all necessary work in connection therewith. For other than emergency work, COMPANY will notify OWNER of the planned work prior to work beginning.

COMPANY hereby agrees that it will pay any and all damages that may result to crops, fences, buildings and improvements on said premises caused by constructing, maintaining, repairing, replacing, increasing the capacity of, operating or removing said pipeline or lines. All surface damage caused by construction activities will be reclaimed and sown with an owner approved seed mix as soon as practical after construction is complete, period not to exceed one year after construction and reclamation work is completed without OWNER's agreement. Reclamation will include picking rocks exceeding 6" from the area disturbed during construction. Rocks will be delivered to location of the OWNER's choice within 1 mile of area of pipeline easement being reclaimed or hauled by COMPANY to COMPANY designated location if OWNER does not have a place for disposal of rocks. COMPANY will use existing roads where possible. Where additional roads need to be constructed for access, OWNER will have the right of approval as to placement and construction methods for roads.

If the OWNER so chooses, OWNER may sow the construction surface damaged areas on their property after COMPANY completes reclamation and be reimbursed at the rate of \$250 per acre one time for this work. The OWNER assumes responsibility for getting vegetation growth back on all easement areas if this option is chosen. Seed will be provided by the COMPANY one time under this option and payment will be made to the OWNER by a separate check after first seeding is complete. Acreage that will be paid upon will be determined by the post construction survey conducted by COMPANY.

Any damages, if not mutually agreed upon, may be determined by three disinterested persons, one to be selected by COMPANY and one by OWNER; these two shall select a third person. The award of these three persons shall be final and conclusive.

IN WITNESS WHEREOF, OWNER has executed these presents as of the day and year first above written.


Pennaco Energy, Inc.

617804 EASEMENT
BOOK 498 PAGE 0614
RECORDED 08/06/2008 AT 09:25 AM
AUDREY KOLTISKA, SHERIDAN COUNTY CLERK

STATE OF Wyoming)
COUNTY OF Campbell) : SS

On this 13th day of August, 2007, before me personally appeared Garland Robinson
known to me to be the same person described in and who executed
the above and foregoing instrument and acknowledged to me that he executed the same, (known to me to be the
Attorney in fact and _____ respectively of the corporation that is described in and
that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.)

Notary Public, Sarah N. Edwards County,
State of Wyoming

(SEAL)

My commission Expires: 3/4/09

W.O. _____ Tract No. _____ L.R.R.No. _____



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