

SURFACE USE AGREEMENT

This agreement, by and between John C. Dewey, individually and as Attorney-in-Fact for Clifford N. Dewey, a single man, C/O 586 Big Goose Road, Sheridan, Wyoming, 82901, (SURFACE OWNER) and J. M. Huber Corporation, 1050 17th Street, Suite 1850, Denver, CO 80265 (OPERATOR) whereby OPERATOR will be allowed to enter onto and conduct survey, strat tests, production drilling, completion, pipeline, production operations, reworking operations and all additional operations associated therewith on SURFACE OWNER'S property located in Sheridan County, Wyoming as follows (SUBJECT LANDS).

Township 57 North, Range 83 West, 6th P.M.

Section 4: All that portion of Lot 4 lying west of Beatty Gulch County Road

OPERATOR has indicated that it owns, or is attempting to secure, drilling rights under the SUBJECT LANDS and desires to conduct operations to drill, complete, and produce shallow coalbed methane gas wells. The following shall set out those terms and conditions under which OPERATOR may enter and conduct operations on SURFACE OWNER'S land.

1. Under this agreement, no well shall be drilled to a depth more than 2,000 feet below the surface.
2. Under this agreement, only "truck mounted" rigs will be allowed to drill.
3. No seismic operations are allowed under this agreement.
4. No permanent roads will be constructed unless determined to be absolutely necessary and mutually agreed upon.
5. Existing "tracks", if any, will be utilized as much as reasonably possible for stratigraphic (non-permanent test holes) drilling and it is expected no more than 1/2 acre will be disturbed at the drilling location.
6. No recreational use of SUBJECT LANDS is allowed.
7. Discharge of firearms on SUBJECT LANDS is prohibited.
8. Production well locations shall utilize no more than one (1) acre of land while drilling and no more than one half (1/2) acre for permanent facilities.
9. No well shall be drilled closer than 200 feet to the currently existing residence, corrals or barn unless specifically allowed by SURFACE OWNER.

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10. The SURFACE OWNER will have the right for the 30 days period of time after written notification from OPERATOR, to take over any abandoned production well and convert said well to a water well. SURFACE OWNER will assume all liability and costs whatsoever for the well thereafter and agrees to execute any and all documents necessary to provide that said water and well shall become the property and responsibility of the SURFACE OWNER.

11. Surface discharge of produced water will be allowed on SUBJECT LANDS and utilized in the most beneficial way as might be reasonably possible with the least amount of surface disturbance. Whenever possible the produced water is to be discharged directly into an existing drainage system or reservoir. Any reservoirs used to store produced water will be upgraded to meet standards set by the Office of the State Engineer. All water produced and discharged from OPERATOR'S producing wells shall be done so under a Water Management Plan approved by the Department of Environmental Quality.

12. SURFACE OWNER will allow construction of, but OPERATOR shall pay for, all power lines hereinafter installed by Operator. Whenever possible, and with its best efforts, OPERATOR will consolidate its facilities for as many wells as practical, locating incoming power at a central point and constructing power lines underground in the pipeline right-of-way to the wells served by such centralized facilities. Wells subject to this consolidation will have a minimum of facilities at the well site. Daily access to these wells should not be necessary after an initial start-up period, but occasional access is expected.

13. As compensation for the above described access for operations, OPERATOR will pay to SURFACE OWNER the following:

PRODUCTION WELLS

A payment of \$500.00 for the first year for each producing well's surface facilities, and \$300.00 annual payments, payable in advance of any drilling activity. Annual payments to be made on the anniversary of the producing well being completed as a producer as documented on the completion report to be filed with the Wyoming Oil and Gas Conservation Commission.

ROAD USAGE

A payment of \$2.50 per rod per year for road access. Access to be coordinated with SURFACE OWNER.

RIGHT-A-WAY PAYMENT

A payment of \$5.00 per rod for pipeline right of way for pipelines which may carry gas or water, or power lines, payable upon completion of pipeline.

15. From time to time, it will be necessary to allow various parties, such as surveyors, archaeologists, etc., access to the SUBJECT LANDS. Such parties will be instructed to consult with the SURFACE OWNER, SURFACE OWNER'S designated agent or ranch management prior to entry for access instructions and advisement of ranch policies regarding their conduct on the property and such parties will not enter property until contact has been made with ranch management.

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16. To the maximum extent permitted by law, OPERATOR will indemnify, defend and hold SURFACE OWNER, and if applicable, SURFACE OWNER'S officers, directors, employees, agents, co-trustees, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any claims that OPERATOR'S operations hereunder are either illegal, unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operation of adjacent landowners and including any claims based on the alleged concurrent negligence of SURFACE OWNER).

17. In the process of developing the coal bed methane under SURFACE OWNERS property, it will be necessary from time to time to disturb the surface, including but not limited to burying of pipelines, building roads or locations. This will cause rocks to be exposed and brought to the surface. It is SURFACE OWNERS request and OPERATOR agrees to haul (and not rebury) all rocks that could interfere with farming operations to a designated spot in the E/2 of Section 5.
18. OPERATOR currently has five (5) locations on SURFACE OWNERS property. At the date of entering into this Surface Use Agreement, OPERATOR has obligations to drill several wells not on SURFACE OWNERS property. OPERATOR agrees that as soon as its current obligation is fulfilled, OPERATOR will start drilling operations on SURFACE OWNER'S property and will drill all five locations consecutively.

This agreement has been entered into by the parties in good faith and with goodwill toward one another and any disagreement as to the interpretation and definition of the terms and conditions of this agreement, whether specifically addressed or inadvertently omitted, shall be openly and reasonably discussed and brought to a fair and reasonable conclusion. Any such disagreements shall be resolved under Wyoming law.

This agreement shall inure to the benefits of and shall be binding upon the parties hereto, their successors and assigns with the hope any successor or assignee will recognize and respect the spirit into which this agreement has been entered.

Executed this 29th day of November, 1999.

OPERATOR:
J. M. Huber Corporation

By: Scott Zimmerman 12-2-99
Scott Zimmerman
Manager - CBM Business Unit

SURFACE OWNER:

x John C. Dewey att.
John C. Dewey, Individually and as Attorney-in-Fact for Clifford N. Dewey,
a single man, C/O 586 Big Goose Road, Sheridan, Wyoming, 82901