

SURFACE USE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS,

THAT, Derek A. Zongker and Darren S. Zongker, Rural Route 1, Plevna, Kansas 67568 (hereinafter referred to as Lessor, whether one or more), for and in consideration of the sum of Ten and 00/100 Dollars and more (\$10.00 and more) in hand paid, the receipt and sufficiency of which is hereby acknowledged, the undersigned by these presents does hereby grant, demise, lease and let exclusively unto Stelbar Oil Corporation, Inc., and Grand Mesa Operating Company (hereinafter referred to as Lessee, whether one or more) the lands hereinafter described with the exclusive right and for the purpose of constructing a gas dehydration and compression station and any other equipment necessary or convenient for the handling, dehydrating, saving, storing, treating, separating, compressing, transporting and disposing of the oil, gas, casinghead gas, casinghead gasoline, condensate and other gases and their respective constituent vapors which may be produced.

Said tract of land being situated in the County of Reno, State of Kansas, and described as follows:

Township 24 South, Range 9 West of the 6th P.M.

Section 28: A tract of land commencing at the Northeast corner of the SE/4 of said Section 28, thence South 0 degrees 00 minutes 00 seconds West along the East line of the SE/4 a distance of 200 feet; thence North 90 degrees 00 minutes 00 seconds West a distance of 200 feet; thence North 0 degrees 00 minutes 00 seconds East a distance of 200 feet; thence South 90 degrees 00 minutes 00 seconds East along the north line of the SE/4 of said Section 28, a distance of 200 feet to the point of beginning, containing .918 acres more or less,

to have and to hold said premises unto Lessee, its successors and assigns for the use and purposes herein expressed, so long as said compression station and equipment shall be maintained by Lessee.

Lessee further agrees to relinquish the surface premises described herein by filing a recordable instrument in the county records of Reno County, Kansas, at such a time that it or its successors and assigns have no further use of or need of said surface premises for the purposes herein expressed.

Lessee agrees to pay or cause payment to be made for damages to CRP grass, fences and other improvements of Lessor directly resulting from the exercise of the rights herein granted to Lessee. Lessee agrees to restore surface premises in accordance with the Reno County ASCS specifications for CRP contracts and Lessee shall remain liable for any loss of payments under CRP contracts which are directly attributable to operations by Lessee hereunder. Further, upon the relinquishment thereof and abandonment of said surface premises, the Lessee, or its assigns, agree to restore the surface premises as nearly as practicable to its original contours.

Lessee shall indemnify and hold Lessor harmless from any claims, damages, actions or causes of action from any environmental damage or contamination due directly to Lessee's operations, subsequent to the commencement of this Surface Use Agreement. Further, Lessee agrees to conduct all of its operations in accordance with the rules and regulations of all governmental authorities having jurisdiction.

Upon the termination of this Surface Use Agreement, Lessee shall have the right to remove the property that it may place on, in, under or upon said surface premises, all of which shall belong to and remain the property of Lessee and shall in no event be considered or construed as fixtures attached to said surface premises.

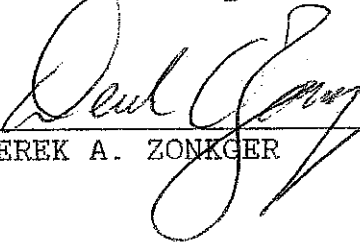
The term of this Surface Use Agreement shall be one (1) year from the date hereof. Lessee shall have the right and option to renew this Surface Use Agreement for additional one (1) year periods under the same terms, provisions, and rental, provided Lessee shall, on or before the anniversary date hereof, pay or tender to Lessor the sum of One Hundred and 00/100 Dollars (\$100.00). Lessee shall have the continuing right and option to renew this Surface Use Agreement on an annual basis as long as such gas dehydration and compression station and equipment shall be maintained by Lessee for the use and purposes herein expressed, and by the tender or payment of the annual rental as provided in this paragraph.

Lessee shall have the right and privilege of relinquishing this Surface Use Agreement at any time during the term hereof, by giving written notice to Lessor of Lessee's intention to do so and of the date it desires said termination to become effective.

This Surface Use Agreement herein granted may be assigned in whole or in part, to have and to hold said surface premises and the privileges unto the Lessee, until such time as Lessee releases or relinquishes its rights herein granted.

Contemporaneously with the execution hereof, Lessee has paid Lessor One Hundred and 00/100 Dollars (\$100.00) for the first rental payment as herein set forth.

IN WITNESS WHEREOF, the parties have executed this Surface Use Agreement as of this 25th day of April, 1994.



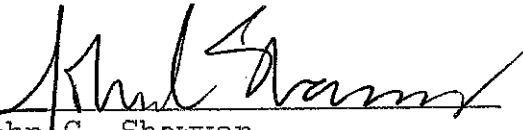
DEREK A. ZONGKER



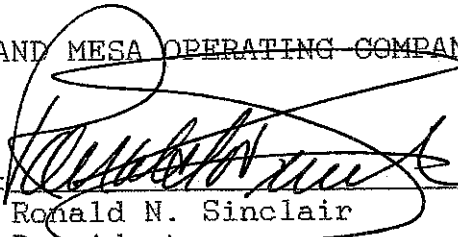
DARREN S. ZONGKER

STELBAR OIL CORPORATION, INC.

~~GRAND MESA OPERATING COMPANY~~

By: 

John C. Shawver
President

By: 

Ronald N. Sinclair
President