



Surface Damages Agreement
Between Ed Orr
and Basin Exploration, Inc. for
Wells Drilled in the NW/4 Section 25, T4N, R67W
Weld County, Colorado

Basin Exploration, Inc. agrees to take every reasonable precaution and to make every reasonable effort to minimize the disruption of the property for continued farming activity. This includes:

1. To stockpile eight (8) inches of top soil in areas where the area is disturbed by Basin's operations, and at the completion of Basin's operations, to reshape the disturbed lands as near as possible to its original contour. During the backfilling of any pits that were dug, the soil shall be compacted to prevent subsidence. Should subsidence occur in spite of the above efforts, Basin will be responsible for correcting the subsidence.
2. To use, where feasible, any existing agriculture or oil and gas lease roads and to minimize the amount of new road installation required to access the drill site and production equipment.
3. To restore the surface of any abandoned well site and any road to a level condition compatible with any irrigation system now located on the premises. It is the intent that the irrigation system shall not be disturbed by Basins's operations.
4. To pay for any damages to person and property caused by Basin's negligence during the operating of a producing well.
5. To fence all producing wells, tanks and equipment and all other improvements with a protective fence at least four (4) feet high.

*E.O.
including grass
and grass seed
mrs
1/29/89*



6. To locate the well(s) according to a mutually agreed legal location as indicated on a survey plat.
7. To locate the separator and tank battery at a location close in to the well head.
8. To notify the surface owner at least two (2) days prior to entering upon the premises for drilling purposes of Basin's intention to drill.
9. To refrain from using permanent ground anchors.
10. To access the well in the NW/4 NW/4 Section 25 from the corner of county roads 23 and 44, along the 60 foot wide Orr easement through section 24, which is an existing farm road. The existing road will be widened and upgraded to accomodate normal oilfield traffic. The existing road location may be moved slightly where possible to allow a more direct access to the well.
11. To locate the production equipment near the well at a mutually agreed upon location.

Prior to the commencement of drilling operations for this well, Basin agrees to pay to the surface owner the sum of Two Thousand Five Hundred Dollars (\$2,500) as payment for surface damages relating to drilling and completion of any specific well and for the installation of the production equipment, the flow line, and access road required for the production of oil and gas from the operations of that well. It is specifically understood that the \$2,500 shall not cover any damages to existing crops at the drill site resulting from Basin operations. The intent of both parties is to base any crop damages on the selling price of specific crops on a per acre basis.

EO
At the
well head
to separator
only.
mfs
1/2/89

This agreement shall be binding on any subsequent surface owner(s) and represents the full and complete agreement between the parties. Any additional provisions would have to be agreed to in writing by both the surface owner and Basin.



Concurrence with this agreement and acknowledgement of receiving \$2,500 as full surface damages for the Orr Amoco 11-25 Well NW/4 NW/4 Section 25 are indicated by the Surface Owner's signatures below.

Signed: David M. Blandford Date: 1-25-89
David M. Blandford
Basin Exploration, Inc.

Signed: Ed Orr Date: 1/26/89
Ed Orr
Surface Owner