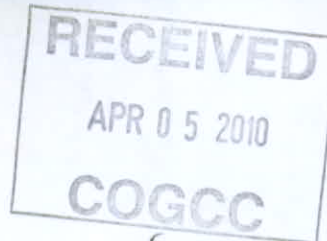




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Surface Agmt / Surety



1/19

**SURFACE USE AGREEMENT**

THIS SURFACE USE AGREEMENT ("Agreement") is effective the 31<sup>st</sup> day of March, 2010, between **C. WARREN and BETTIE G. BRUTON FAMILY TRUST** dated **July 19, 2007**, and **ERIC T. BRUTON**, whose address is Box 42, Mesa, Colorado 81643 ("Owner"), and **LARAMIE ENERGY II, LLC**, whose address is 1512 Larimer Street, Suite 1000, Denver, Colorado 80202 ("Operator").

**RECITALS**

A. Owner owns the surface of the real property in Mesa County, Colorado (the "Property"), legally described as:

T9S - R93W, 6<sup>TH</sup> P.M.

Sec. 19: Lot 4, SENW, E/2SW, SE

Sec. 30: Lots 1, 2, 3, NESW, E/2NW, E/2

Mesa County, Colorado

containing 885.16 gross acres, more or less.

B. Operator is the owner/operator of a working interest in an oil and gas lease entered into with Owner contemporaneously with the execution of this Agreement ("Lease") granting Operator certain rights to minerals on the Property.

C. Operator wishes to drill multiple oil and gas wells on the Property for the extraction of the minerals described in the Lease ("Wells").

D. Owner and Operator wish to memorialize their agreement concerning the payment for damages to the surface of the Property in connection with the drilling, construction, completion, re-completion, reworking, re-entry, production, maintenance and operation of the Well(s), and for the construction, maintenance and use of any roads and pipelines located on the Property.

E. Operator as used in this Agreement shall mean Laramie's agents, employees, contractors, subcontractors or service company personal.

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

**TERMS**

1. Wells and Well Pads.

1.1. Operator may construct well site pads for drilling, completion, re-completion, reworking, re-entry, production, maintenance and operation of Wells ("Well Pads") on the Property at the locations depicted on the attached and incorporated Exhibit "A". No Well Pad

hall exceed five (5) acres of disturbed area (including any cuts and fills) during drilling, or two and one-half (2 1/2) acres of disturbed area (including any cuts and fills) after initial reclamation, unless otherwise agreed to by Owner in writing. Operator may drill the maximum number of Wells on the Well Pad(s) permitted by Colorado Oil and Gas Conservation Commission ("COGCC") spacing requirements. As used in this Agreement, "Well" shall mean a well and the accompanying wellbore (either vertically or directionally drilled from the Well Pad) for the production of oil and gas from the Property, and all associated casing and wellhead equipment.

1.4. The slope of a Well Pad to any ditch, road, fence or other improvement shall be no greater than approximately 2:1.

1.5. All above-ground permanent structures on the Well Pad(s) and above-ground pipeline structures shall be painted with appropriate earth-tone colors to blend with the surrounding landscape. Operator shall use best efforts to minimize disturbances to existing trees and vegetation near the Well Pad. Any tanks of any nature remaining at the Well Pad after the completion of drilling shall be low profile or buried.

1.6. Noise levels shall not exceed COGCC regulations, including during the flaring of gas. Operator shall use all necessary efforts to insure that light is not directed in any direction other than at the pad site itself. Operator shall use best efforts to minimize disturbances to existing trees and vegetation near the Well Pads. Operator shall not utilize aircraft within the area 2,000 feet above the Property surface.

1.7. All drilling fluids and mud shall be handled in accordance with COGCC regulations.

1.8. At all times during drilling operations and thereafter, the Well Pad(s) shall be fenced with four-strand barb wire fencing affixed to sturdy wooden or steel braced corners with line fence being steel posts spaced 16 feet apart with a minimum of three stays between each post



at a height not less than forty-eight (48) inches. A cattle guard shall be installed at any gate in the Well Pad fence.

1.9. Any irrigation or tail water ditch or pipe located within the Well Pad shall be left intact or rerouted to a location approved by Owner so that the delivery of water on the Property is not disrupted if requested by Owner in writing.

1.10. No debris, slash, or other materials shall be burned on the Property (except for the flaring of gas), nor shall such materials be buried on the Property, without the express written consent of Owner, which consent may be conditioned or denied in Owner's sole discretion. Topsoil shall be removed and stockpiled for reclamation.

1.11. Reserve or drilling pits used on the Property, if any, shall be plastic lined during drilling and completion operations, and all lining shall be carefully removed or carefully buried in the pits during initial reclamation. Excavated material shall be replaced within ninety (90) days after finalization of completion operations.

1.12. No open pit mining or drilling shall be permitted on the Property. The Well Pad(s) shall be safe and in good order, and shall at all times be kept free from litter and debris. Operator shall utilize electronic field monitor devices or another type of monitoring system standard in the industry on all Wells.

1.13. No compressor units or stations, processing plants, or other similar facilities of any kind that services gas produced off of the Property shall be located on the Property unless approved by Owner in writing. Compression, treating or processing units for the Wells shall only be located on the northern most Well Pad in Section 19.

1.15 For Well Pads located in Section 30, Operator shall drill and begin completion on a minimum of eight (8) Wells before beginning drilling operations on a subsequent Well Pad. If Operator is utilizing more than one drilling operation on the Property, this section shall apply individually to each drilling operation.

Location	Activity	Period from November 11 <sup>th</sup> through August 14 <sup>th</sup> each year.	<----- Hunting Season ----->	
			Period from August 15 <sup>th</sup> to 5 days prior to 1 <sup>st</sup> Rifle Big Game season of each year.	Period from 5 days prior 1 <sup>st</sup> Rifle Big Game season to November 10th each year.
Section 19	Pumping Activities <u>Excluding</u> Water and Condensate Hauling by Truck	Any Time	10:00 a.m. to 2:30 p.m. allowed. Otherwise requires Ranch escort	10:00 a.m. to 2:30 p.m. allowed. Otherwise requires Ranch escort
	Water and Condensate Hauling by Truck	Any Time	10:00 a.m. to 2:30 p.m. only.	10:00 a.m. to 2:30 p.m. only.
	Drilling, Completing, Re-completing, Construction, Reworking, & Re-entry	Any Time	None Allowed	None Allowed
Section 30	Pumping Activities <u>Excluding</u> Water and Condensate Hauling by Truck	Any Time	10:00 a.m. to 2:30 p.m. allowed. Otherwise requires Ranch escort	Only With Ranch Escort
	Water and Condensate Hauling by Truck	Any Time	10:00 a.m. to 2:30 p.m. only.	None Allowed
	Drilling, Completing, Re-completing, Construction, Reworking, & Re-entry	Any Time	None Allowed	None Allowed

## 2. Rights-of-Way.

2.1. Road Right-of-Way. Owner grants to Operator a non-exclusive access right-of-way ("Road Right-of-Way" or "Right-of-Way") across the Property to the Well Pad(s), as depicted on the attached and incorporated Exhibit "A", for ingress and egress by Operator and its employees, contractors, sub-contractors, agents and business invitees. The Road Right-of-Way shall be approximately twenty (20) feet in width, being ten (10) feet on each side of the centerline of the road to be constructed on the Road Right-of-Way.

2.1.1. Operator shall improve the existing road, expanding as necessary and filling any eroded portions. The improvement and extension of the existing road shall be constructed as follows:

- a. The traveled portion of the road shall be the entire width of the Road Right-of-Way, which is twenty (20) feet in width, being ten (10) feet on each side of the centerline of the road;
- b. Six (6) inches of top soil shall be removed, and stockpiled;



- c. Six (6) inch base consisting of three (3) inch minus rock.
- d. 2-4 inches of class 5 gravel (1 ½ inches) to be applied upon completion of all wells on a pad.

2.1.2. Road construction that requires cuts and fills shall be minimized to the maximum extent possible.

2.1.3. Culverts shall be installed at ditch and drainage crossings when requested by Owner where roads cross such ditches or drainages, and shall be sized to prevent obstruction to the free flow of the volumes of water being carried, inclusive of flood stages. Operator shall protect all water sources and conveyance structures, including but not limited to wells, ditches, ponds and the natural flow of creeks, from all operational activities, and shall immediately remedy any diversion, curtailment or blockage of water flows or contamination of water sources.

2.1.4. The road(s) shall at all times be properly graded, drained, graveled and maintained by Operator from commencement of operations through final reclamation of the Well Pad(s) or termination of this Agreement. Openings shall be cut along the sides of the road(s) where necessary to prevent water pockets from forming. Operator shall keep the Right-of-Way in good order, at all times free from litter and debris. Operator shall maintain the road in accordance with the specifications for BLM Resource Roads, as described in "Surface Operating Standards and Guidelines for Oil and Gas Exploration and Development," 4<sup>th</sup> Edition, prepared by the United States Department of the Interior, except as otherwise provided in the Agreement.

2.1.5. All fences crossed shall be replaced by Operator with steel gates hung on steel posts with adequate bracing concreted in ground to a minimum of 3 feet 6 inches. If Owner or Operator chooses to lock any gate on any road(s), keys shall be provided to the other party.

2.1.7. Operator shall use the best available methods, other than hard surfacing, to limit dust from all roads. Magnesium chloride shall be applied when requested by Owner, up to a maximum of four (4) times per year, on all roads within 500 feet of hay fields or structures.

2.1.8. Owner shall have the right to relocate any road, provided that such relocation does not impose an undue burden on Operator. Any relocated road shall be of

similar utility, and all costs associated with such relocation, other than routine maintenance, shall be at Owner's expense.

2.1.9. The Rights-of-Way conveyed by this Agreement shall be for the private use of Operator, its agents, employees, contractors and subcontractors to access operations on the Property, with no right of use by the public or for access to other lands. Owner reserves the right to use all such roads for any purpose that does not unreasonably interfere with Operator's operations. Operator's access on the Property is specifically limited to its right to use the Rights-of-Way as described in this Agreement.

2.2. Pipeline Right-of-Way. Owner grants to Operator a non-exclusive pipeline right-of-way ("Pipeline Right-of-Way" or "Right-of-Way"), approximately twenty-five (25) feet in width, across the Property to the Well Pad(s) as depicted on the attached and incorporated Exhibit "A", to construct, maintain, inspect, operate, replace, change or remove a pipeline or pipelines, for the transportation of oil, gas, petroleum products, water, and any other substances recovered during oil and gas production, whether fluid or solid, any products and derivatives of any of those substances, and any combinations and mixtures of any of those substances. Operator may also install a 2-4 inch diameter water line laid in a common trench (or located as agreed to by Owner and Operator to achieve proper gravity flow) to allow for the capability to move produced water or fresh water through the water line to and from a common location in Section 19 at a location approved by Operator and Owner. During initial construction of the pipeline only, Operator may use an additional twenty-five (25) feet, or a total of fifty (50) feet in width if necessary.

2.2.1. Operator shall bury all pipelines placed within the Pipeline Right-of-Way at a depth not less than forty-two (42) inches, and shall install all such pipelines so that they can be detected using a commonly available metal detector.

2.2.2. Nothing in this subsection 2.2 shall be construed as granting Operator the right to place any facilities on the Property other than the pipeline(s) and necessary risers, pig launchers, and pig receivers to be placed in the Pipeline Right-of-Way which may need to be fenced at the request of Owner.

#### 2.4. Construction.

2.4.1. Operator shall provide written notice to Owner at least two (2) weeks prior to any construction under this Section 2.



2.4.2. Operator shall repair any fence on or enclosing the Property that is damaged or temporarily taken down during any construction on or use of the Rights-of-Way within twenty-four (24) hours of the time such fence is damaged or taken down. Any fence to be cut shall be H-braced and dead-manned prior to being cut.

2.4.3. Operator shall immediately restore or repair any irrigation or tail water ditch or pipeline that is damaged during any construction on or use of the Rights-of-Way so that the delivery of water on the Property is not disrupted.

2.4.4. During construction of the road and/or pipeline on or within the Rights-of-Way, and at all times thereafter, Operator shall minimize disruption of, and interference with, any ranching, agriculture or other operations conducted on the Property now or in the future.

2.4.5. Within 180 days after construction of the road and/or pipeline on or within the Rights-of-Way, weather permitting, Operator shall restore any affected area, except road surfaces, to its pre-construction condition and re-vegetate all such areas with site-appropriate native vegetation and grasses, or if the area is crop land, grass or alfalfa, according to NRCS standards. Promptly following termination of the Rights-of-Way, Operator shall reclaim and restore the area where the road and/or any pipelines were constructed to its pre-construction condition and re-vegetate the reclaimed area in accordance with the preceding sentence. Operator, if agreed to by Owner in Owner's sole discretion, may leave specified pipelined buried in place and sever, cap, and purge such pipeline(s) at the boundary lines of the Property. Operator shall relinquish ownership of such pipeline(s) to Owner.

2.5. Compliance with Law. Operator, its agents, designees, assignees and successors-in-interest shall, in connection with the use of the Rights-of-Way, comply with all applicable federal, state and local laws, rules and regulations applicable to Operator's use of the Rights-of-Way, including, by way of example and not limitation, the common law and all other laws designed to protect the environment and public health or welfare.

2.6. Evolution of Use. Operator's use of the Rights-of-Way shall be limited according to the terms of this Agreement, and the doctrine of "normal evolution of use" shall not apply to such use.

2.7. Term of Grant. A Right-of-Way shall continue until: (i) the termination of this Agreement in accordance with Section 7, or (ii) Operator's written surrender of the Right-of-Way.

3. Weed Control. Operator shall be responsible for controlling all noxious weeds on the Well Pad and Rights-of-Way. Operator shall also be responsible for preventing such noxious weeds from spreading to any lands adjacent to those areas.

3.1. Adjacent Areas. In the event noxious weeds spread to areas adjacent to any Well Pad and/or Right(s)-of-Way, Operator shall be responsible for controlling the noxious weeds on



those lands as well, provided that such adjacent areas were free of such noxious weeds prior to construction of the Well Pad or Right(s)-of-Way, as the case may be. If the adjacent areas of the Property were not free of such noxious weeds prior to such construction, Operator's responsibility shall be limited to reasonable control of such noxious weeds only on the lands that comprise the Well Pad(s) and Rights-of-Way.

3.2. Notification. If Operator locates, or Owner notifies Operator in writing of the location of, noxious weeds on any areas subject to this Section 3, Operator shall implement control procedures before the noxious weeds go to seed, in a timely manner in accordance with the Mesa County Pest and Weed Inspector's recommendation.

3.3. Term of Responsibility. Operator's responsibility for noxious weed control under this Section 3 shall be ongoing and shall continue even after final reclamation, until the first to occur of (i) Owner providing Operator with a written release of Operator's further obligation to control noxious weeds on the Property, or (ii) one year has passed since either the last Well was plugged and abandoned or the termination of the Right-of-Way, as the case may be.

4. Erosion Control. Operator shall be responsible for controlling all erosion of soils at any Well Pad and/or Right-of-Way, and on areas adjacent to the Property that is caused by the activities of Operator or its employees, contractors, sub-contractors, agents or business invitees. Such erosion control shall include, without limitation, recontouring, re-seeding and re-vegetating such lands and restoring any reservoirs, ponds or waterways to their previous quality and capacity. Operator's responsibility for erosion control pursuant to this Section 4 shall be ongoing and shall continue even after termination of Operator's use of a Well Pad or Right-of-Way, until the first to occur of (i) such time as Owner provides Operator with a written release of Operator's further obligation to control erosion on the Property, or (ii) one year has passed since either the last Well was plugged and abandoned or the termination of the Right-of-Way, as the case may be.

5. Reclamation.

5.1. Initial Reclamation. Within two years after initial disturbance to a Well Pad or Right-of-Way, except for areas required for current operations such as roads, the wellhead(s), permanent facilities, and room for future workover operations, Operator shall restore all disturbed areas in accordance with this subsection 5.1. The time period for initial reclamation of a Well Pad shall be tolled during any period in which Operator retains a valid permit to drill an additional well from the Well Pad.

5.1.1. Operator shall provide Owner with: (i) cut and fill diagrams for construction of the Well Pads, including cross sections and plan views with topographic contours; and (ii) a site map showing the location of wellbores, drilling and completion pits, access roads, soil stockpiles and the layout of drilling and completion equipment.

5.1.2. All disturbed areas not reasonably needed for production operations (subject to the size provisions for Well Pads and Rights-of-Way) shall be recontoured by placing at clean fill material back into cut areas to approximate original contours. Slopes



shall be recontoured to minimize areas that exceed a 3:1 slope. Any areas exceeding the 3:1 slope criteria or high walls shall be reclaimed using enhanced stabilization and erosion prevention methods. Areas recontoured during interim reclamation shall be re-seeded with the intent of establishing native vegetation suitable for final reclamation.

5.1.3. Operator shall remove all construction and/or drilling waste materials, in-fill pits and holes no longer necessary for the operation of the Well(s), and remove compaction from the soil in areas no longer necessary for the operation of the Well(s). The operational Well Pad shall be returned to the approximate original topography and seeded with appropriate native vegetation for ground cover and erosion control. Subsidence in any reclaimed area shall be corrected by adding additional topsoil. Crop lands shall be returned to grass or alfalfa, as requested by Owner, and sagebrush areas shall be planted with native grasses and vegetation that existed prior to disturbance.

5.1.4. Any rocks excavated by Operator that are too large (8" or greater) to be incorporated into fill shall be removed. Any usable timber, fence posts and firewood shall be stockpiled at mutually agreed locations. All slash shall be incorporated in fill or removed.

5.1.5. A minimum of twelve (12) inches of favorable growth medium shall be reapplied during interim and final reclamation. If this quantity of material is not available, existing soils shall be treated with amendments and fertilizer to create a favorable growth medium.

5.1.6. The Well Pad(s) and Rights-of-Way shall be mulched immediately after seeding with weed-free straw or other type of weed-free mulch. Operator shall be responsible for protecting re-plantings, including fencing to exclude animals.

5.1.7. Additional disturbance of native or previously reclaimed areas shall be minimized. If any subsequent disturbances of surface areas are undertaken at any time, the same reclamation and re-vegetation obligations shall apply. Recontouring shall not be required in areas that have been successfully reclaimed.

5.2. Final Reclamation. Final reclamation shall return the entire site to its original topography and vegetation, and shall be complete and successful within three (3) years after the last Well is plugged and abandoned. However, if at the end of the three (3) year period Operator has not completed a successful reclamation because of events beyond its control, Owner agrees to grant Operator in writing a reasonable extension of time to achieve a successful reclamation. Upon final termination of operations, Owner may request roads, culverts and/or fencing to be left in place, in which case they shall thereafter belong to Owner.

6. Water. This Agreement does not give Operator any right to use any water or water rights of Owner, except as otherwise expressly agreed in writing by Owner. Operator shall take all necessary steps to prevent its operations from polluting any water well, pond, spring or other water source (collectively, "Water" in this Section 6) located on the Property. If any Water is located on



the Property, Operator shall hire a third-party expert, mutually agreed upon by the parties, to test the amount and quality of the Water both (i) prior to Operator conducting drilling operations and (ii) upon completion of a 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 Water was contaminated or damaged by Operator's operations, Operator agrees to either (i) drill a new water well at Operator's expense of at least the same quality and volume as the damaged well prior to Operator's operations, or (ii) provide Owner a replacement water source in a like volume to the damaged Water, at its source or at a location requested by Owner. Operator shall begin construction on any new water well or source, as the case may be, within sixty (60) days after receipt of the expert's report of contamination or damage, and shall complete such construction within six (6) months. Operator shall provide potable water by truck or other means to Owner in an amount sufficient to replace the damaged Water until construction of new water source is completed.

7. Termination. This Agreement shall terminate: (i) upon the expiration or termination of the Lease; (ii) upon completion of final reclamation; or (iii) if ninety (90) days after written notice to Operator of Operator's substantial default or violation of any provision of this Agreement (unless such default or violation is cured prior to such time or Operator is diligently attempting to remedy such a default or violation). No termination of this Agreement by Owner, Operator or otherwise shall relieve either party from any obligation under this Agreement incurred or occurring prior to and through the date of termination, including Operator's liability for or obligation to perform any maintenance, reclamation, mitigation, corrective action or expenditures required pursuant to common law or any federal, state or local statute, regulation, rule or ordinance. Upon termination of the rights granted under this Agreement, Operator shall execute and deliver to Owner, within thirty (30) days after written demand therefore, an acknowledgment that this Agreement has been terminated. If Operator fails or refuses to deliver the acknowledgment, a written notice by Owner reciting any such failure or refusal and that this Agreement is terminated shall, thirty (30) days after the date of recording of that notice in the real property records of Mesa County, Colorado, be conclusive evidence against Operator and all persons claiming under Operator of the termination of this Agreement.

8. General Provisions.

8.1. Consultation. Operator shall consult with Owner regarding all significant operations involving Operator's use of the Property. Operator shall notify Owner at least two (2) weeks prior to beginning any work on the Property involving heavy equipment, including but not limited to drilling, excavating, cutting roads or laying pipelines.

8.2. Waiver of Notice. Execution of this Agreement hereby specifically waives the 30-day notice requirements contained in COGCC Rule 305 and satisfies the consultation requirement contained in Rule 306 with respect to any and all Wells drilled from the Well Pads.

8.3. Surveys, Plans and As-Builts. Prior to construction, Operator shall provide Owner with COGCC well permits and applications, as well as surveys and plans of the Well Pad site, Rights-of-Way, roads, pipelines and equipment location. Operator shall provide Owner with "as-built" surveys of such improvements after construction.



8.4. Liability of Operator. Operator shall be liable for any injury to persons, property or livestock caused by or incident to the operations of Operator, its agents, employees, contractors or subcontractors on the Property, or any extraordinary damages due to spills of materials, explosions or any other harmful activity of Operator. Operator shall indemnify and hold harmless Owner from and against any and all past, present and future liability, damages, costs, expenses, fines, penalties and fees (including without limitation reasonable attorney and consultant fees) incurred by or asserted against Owner arising from or regarding or relating to the use of the Wells, Well Pad(s) or Rights-of-Way, or any other rights granted by this Agreement. Such indemnification shall extend to and encompass, but shall not be limited to, all claims, demands, actions or other matters that arise under the common law or other laws designed to protect the environment and public health or welfare including, without limitation, the following laws (as amended) and any regulation promulgated under their authority: Endangered Species Act of 1973 (16 U.S.C. § 1531, *et seq.*); Clean Water Act (33 U.S.C. § 1251, *et seq.*); Clean Air Act (42 U.S.C. § 741, *et seq.*); National Environmental Policy Act (42 U.S.C. § 4321, *et seq.*); Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601, *et seq.*); Solid Waste Disposal Act (42 U.S.C. § 6901, *et seq.*); Toxic Substance Control Act (16 U.S.C. § 2601, *et seq.*); Safe Drinking Water Act (42 U.S.C. § 300f, *et seq.*); Occupational Safety and Health Act (29 U.S.C. § 651, *et seq.*); and any applicable state or local statutes, regulations and ordinances. Operator shall, at Owner's option, defend Owner or reimburse Owner as expenses are incurred for Owner's defense against any claims, demands, actions or other matters, whether brought or asserted by federal, state or local governmental bodies or officials, or by private persons, that are asserted pursuant to or brought under any such laws. All of Operator's obligations stated in this subsection 8.3 shall survive termination of this Agreement.

8.5. Regulations: No part of this Agreement shall be construed to relieve Operator from any or all COGCC regulations, present and future.

8.6. No Off-Site Substances. Operator shall not store or dispose of on the Property any fluids, mud, soil, waste or other substance generated off the Property unless being reused in drilling operations on the Property.

8.7. Prohibited Items and Activities. Operator shall not be permitted to have, or allow, firearms, crossbows, bows, pets, alcohol or illegal drugs on the Property. Operator shall not be permitted to utilize the Property for overnight personnel, except during active drilling periods or exigent circumstances when such personnel are required by the operations. Personal and/or leisure activities are prohibited.

8.8. Insurance. Operator shall keep its operations insured, or comply with applicable self-insurance laws and regulations, for automobile, liability and worker's compensation insurance, and for any damages incurred on the Property.

8.9. Taxes. Operator shall pay any additional taxes assessed against the Property as a result of any improvements placed on the Property by Operator.



8.10. Operator Liens. Operator shall, at its sole expense, keep the Property free and clear of all liens and encumbrances resulting from Operator's and its agents' activities on the Property, and shall indemnify and hold harmless Owner from and against any and all liens, claims, demands, costs and expenses, including, without limitation, attorney fees and court costs, in connection with or arising out of any work done, labor performed or materials furnished.

8.11. No Warranty of Title. This Agreement is made subject to any and all existing easements, rights-of-way, liens, agreements, burdens, encumbrances, restrictions and defects in title affecting the Property. Owner does not in any way warrant or guarantee title to the Property.

8.12. Subrogation of Rights. Operator shall have the right to discharge or redeem for Owner, in whole or in part, any mortgage, tax or other lien on the Property that could jeopardize Operator's rights under this Agreement, in which case Operator shall be subrogated to that mortgage, tax or lien.

8.13. Non-Exclusive Use and Reservations. All rights granted in this Agreement are limited to the specific grant(s) described in this Agreement. Operator waives any rights it may have to condemn additional easements, rights-of-way, wells, well pads or anything else, on, over, across or through the Property not specifically provided for 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 or may be located in, on or beneath the Property. Owner reserves to itself and its successors and assigns all rights not specifically granted to Operator in this Agreement.

8.14. 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.

8.15. Notice. Wherever provision is made in this Agreement for the giving, service or delivery of any notice, statement or other instrument, such notice shall be given by: (i) personal delivery, or (ii) United States first class and/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 to the other party written notice of change of such address in the manner provided in this subsection 8.14. Mail shall be deemed to have been given, served and delivered upon the third delivery day following the date of the mailing; personal delivery shall be deemed to have been given, served and delivered upon receipt.

8.16. COGCC Notices.



8.16.1. Owner shall be provided with a copy of any "Change of Operator" notice filed with the COGCC pursuant to Rule 312.

8.16.2. A copy of any notice filed with the COGCC regarding public health, safety or emergency matters shall be delivered to Owner simultaneously with the COGCC notice. In the event of a spill of E&P waste or any substance, Operator shall immediately notify Owner, verbally or by telephone if possible, and identify the quantity, location and type of substance released. In the event of a surface or subsurface loss of well control, Operator shall notify Owner, verbally or by telephone if possible, as soon as possible. Any verbal or telephonic notification under this subsection 8.15.2 shall be documented in writing and provided to Owner in accordance with subsection 8.14.

8.16.3. Copies of all forms, notices, plans, tests or other documentation regarding spills or blow-outs shall be provided to Owner at the same time as filing with the COGCC, local government representative, or any other regulatory agency.

8.16.4. A copy of any Operator requests 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.

8.17. Authority. Operator represents that it has full authority to commit to this Agreement. Operator shall provide Owner with a copy of all leases, including pooling or communitization agreements, and spacing orders, under which it is operating on the Property.

8.18. Survival of Obligations. All obligations, indemnifications, duties and liabilities undertaken by Operator under this Agreement shall survive the termination of this Agreement.

8.19. Merger of Prior Agreements. This Agreement contains the sole and entire agreement and understanding of the parties with respect to its entire subject matter. All prior discussions, negotiations, commitments and understandings relating to the subjects of this Agreement are merged into it. In the event of any conflict between the terms of this Agreement and the terms of the Lease, the terms of this Agreement shall control.

8.20. Exhibit "A" attached and incorporated herein and referenced in Article 1.1., 2.1. and 2.2 depicts the approximate locations of the Well Pads, Road and Pipeline Right-of-Ways based upon arial and topographic maps without any on the ground inspections or actual surveys. Therefore, the parties hereto agree that the Well Pads, Road and Pipeline Right-of-Ways may have to be moved based upon actual on the ground survey as agreed to by Owner and Operator. Each Well Pad, Road and Pipeline Right-of-Way will be professionally surveyed and a final map will be prepared and signed by Owner and Operator which will then be attached to and made a part of this Agreement as Final Exhibit "A".

8.21. Operator shall have the option in its sole discretion of operating, meaning (drilling, completions, construction and reworking operations) in Section 19 and Section 30, T9S, R93W during any hunting season being August 15 through November 10<sup>th</sup> of each year by giving Owner



8.22. Amendments. This Agreement may only be amended by the written agreement of both parties. This Agreement cannot be amended or terminated orally.

8.23. Assignment. Operator may not assign or otherwise transfer this Agreement without the express, written consent of Owner, which consent shall not be unreasonably withheld.

8.24. 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.

8.25. 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.

8.26. Severability. 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.

8.27. Applicable Law and Attorney Fees. This Agreement and the rights of the parties under it shall be governed by and interpreted in accordance with the laws of the State of Colorado, by the District Court of Mesa County, Colorado. In the event of a dispute involving or related to any term or condition of this Agreement, the non-breaching party shall be entitled to recover its reasonable costs and attorney fees, including post-judgment collection costs, in addition to actual damages.

8.28. 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 Operator of some or all of its rights hereunder shall not release Operator from liability under this Agreement, unless specifically released by Surface Owner in writing. Such release shall not be unreasonably withheld when requested by Operator.

This Surface Use Agreement may be executed by Owner and Operator in any number of counterparts, each of which shall be deemed an original Surface Use Agreement, but all of which together shall constitute one and the same Surface Use Agreement.



OWNER:

\_\_\_\_\_  
C. Warren Bruton, trustee

\_\_\_\_\_  
Bettie G. Bruton, trustee

Eric T. Bruton  
Eric T. Bruton

OPERATOR:

Kenneth G. Leis  
Laramie Energy II, LLC  
By: Kenneth G. Leis, Attorney-in-Fact

OWNER:

C. Warren Bruton  
C. Warren Bruton, trustee

Bettie G. Bruton  
Bettie G. Bruton, trustee

Eric T. Bruton

OPERATOR:

Laramie Energy II, LLC  
By: Kenneth G. Leis, Attorney-in-Fact



STATE OF ARIZONA )  
COUNTY OF Pinal ) ss

2nd BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day of March, 2010, personally appeared C. Warren Bruton, as Trustee of the C. Warren and Bettie G. Bruton Family Trust Dated July 19, 2007, to me known to be the identical person described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notary seal the day and year last above written.

My Commission Expires:  
Feb 12, 2013

Traci A. McIntyre  
Notary Public



STATE OF ARIZONA )  
COUNTY OF Pinal ) ss

2nd BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this day of March, 2010, personally appeared Bettie G. Bruton, as Trustee of the C. Warren and Bettie G. Bruton Family Trust Dated July 19, 2007, to me known to be the identical person described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notary seal the day and year last above written.

My Commission Expires:  
Feb 12, 2013

Traci A. McIntyre  
Notary Public



STATE OF COLORADO )  
 ) ss  
COUNTY OF MESA )

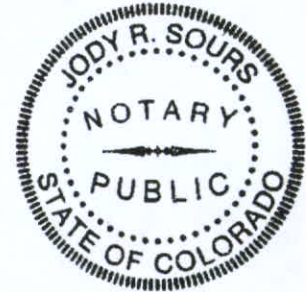
BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 3rd day of March, 2010, personally appeared Eric T. Bruton to me known to be the identical person described in and who executed the within and foregoing instrument of writing and acknowledged to me that he duly executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notary seal the day and year last above written.

My Commission Expires:

6/15/2010

Jody R. Sours  
Notary Public



STATE OF COLORADO )  
 ) ss  
COUNTY OF MESA )

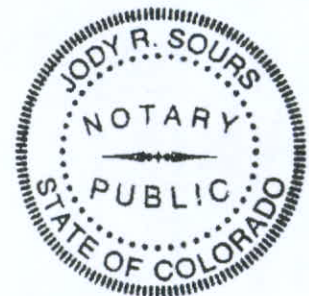
The foregoing instrument was acknowledged before me on this 3rd day of March 2010 by Kenneth G. Leis, Attorney-in-Fact for Laramie Energy II, LLC, a Delaware limited liability company on behalf of said company.

WITNESS my hand and seal.

My Commission Expires:

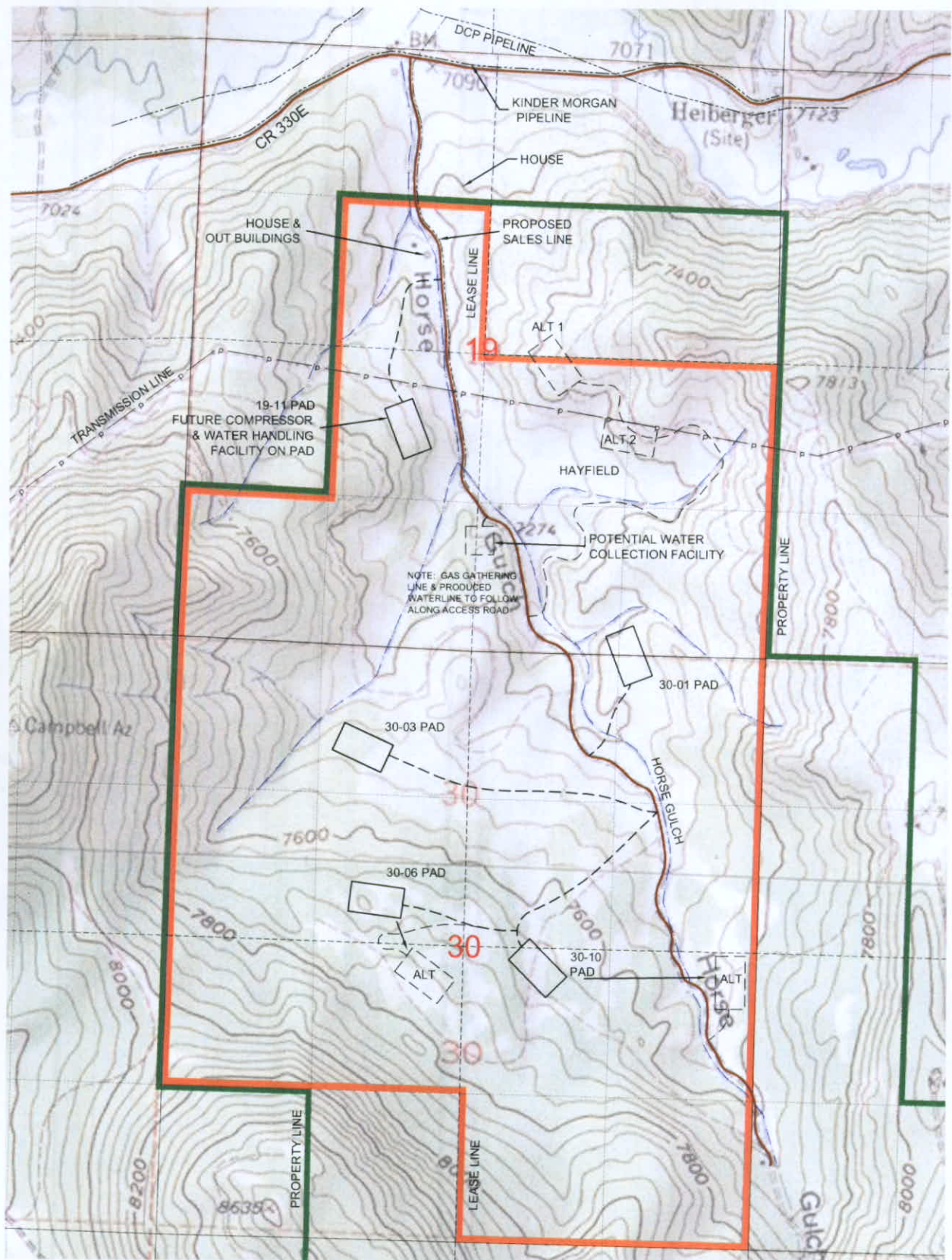
6/15/2010

Jody R. Sours  
Notary Public





# EXHIBIT A



## BRUTON PROPERTY PAD LAYOUT & ACCESS ROUTES SECTIONS 19 & 30, T9S R93W



PAD SITES & ACCESS ROUTES ARE PRELIMINARY ONLY.  
SUBJECT TO FIELD SURVEYS & ONSITES TO  
DETERMINE FINAL LOCATION AS AGREED TO BY  
OWNER & OPERATOR.

RECEIVED  
APR 05 2000  
COGCC