



## AGREEMENT

THIS AGREEMENT is made and entered into this 31st day of December, 1992, effective, however, for all purposes as of June 1st, 1992, by and between GUTTERSEN & COMPANY, a Colorado Limited Partnership, with an address of P. O. Box 528, Kersey, Colorado 80644 ("Guttersen") and GERRITY OIL & GAS CORPORATION, a Delaware corporation, with an address of 4100 E. Mississippi Ave., #1200, Denver, Colorado 80222 ("Gerrity").

### RECITALS:

A. Guttersen owns the Guttersen Ranch, which is more fully described on Parts 1 and 2 of Exhibit A attached hereto and made a part hereof.

B. Gerrity owns and may hereafter own one or more oil and gas leases from the State of Colorado or others that cover or include lands within the Guttersen Ranch.

C. Guttersen and Gerrity have agreed upon the terms of this Agreement pursuant to which Gerrity will be provided access to all drillsites owned by it on the Guttersen Ranch and pursuant to which operations to be conducted by Gerrity on the Guttersen Ranch are to be governed.

NOW, THEREFORE, in consideration of the terms of this Agreement, to include the mutual covenants contained herein, and for other good and valuable consideration, the

receipt and sufficiency of which is hereby confessed and acknowledged, Gerrity and Gutteresen agree as follows:

1. Surface Payment. Gerrity hereby agrees to pay Gutteresen [REDACTED] [REDACTED] for each well drilled by or for Gerrity on the lands described on Part 1 of Exhibit A ("Gutteresen Owned Fee"). The payment, to be made by Gerrity on or before the date actual drilling operations are commenced for a particular well, constitutes the full and entire consideration to be paid by Gerrity for all reasonable and normal damages to and use of the surface of each location drilled on Gutteresen Owned Fee associated with the drilling, reworking, recompletion (not involving additional reserve pits), testing, completion, operation, equipping and maintenance of each well and wellsite drilled on Gutteresen Owned Fee. Such reasonable and normal damages shall include, but are not limited to, removal of growing crops, sod, damage to cropland, rangeland, pastureland, construction of access roads, preparation and use of drillsite area, preparation and use of reserve pits, and the construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient for the production, transportation and sale of oil, gas and other materials produced by or used for production of wells drilled on Gutteresen Owned Fee. With respect the construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient for the production, transportation and sale of oil, gas and other materials produced by or used for production from Gutteresen Owned

Fee, Gerrity may exercise the rights granted by this Agreement at any time and from time to time without further or additional consideration being payable to Gutteresen.

In addition, the payment being made pursuant to this Paragraph 1 shall constitute consideration for access to, from, over and across the Gutteresen Ranch to the surface of all lands now owned by the State of Colorado and leased to Gutteresen (which are described on Part 2 of Exhibit A) where the minerals are owned by the State of Colorado whether or not Gutteresen continues to own a surface lease covering those lands and to the lands described on Part 3 of Exhibit A, which are currently under contract to be sold to Waste Services Development Corporation ("WSDC") dated September 23, 1991 (the "Contract"). Should WSDC or its successors and assigns fail to acquire the lands described on Part 3 of Exhibit A pursuant to the Contract as the same may be modified or amended, those lands shall be deemed to be Gutteresen's Owned Fee for all of the purposes of this Agreement.

For the same consideration, Gutteresen agrees to be responsible, fully and completely, for the revegetation of all drillsites. Specifically, it shall be Gerrity's responsibility to fulfill the obligations of Paragraph 3d and to backfill or cause to be backfilled the reserve pits, to include drilling mud and cuttings therein, and after the pits have been backfilled by Gerrity, any revegetation of the drillsite shall be the sole and exclusive responsibility of Gutteresen. Gutteresen and Gerrity agree that, to minimize potential damage to the surface of the Gutteresen Ranch and to facilitate Gerrity's operations on the Gutteresen Ranch,

drilling mud can be spread on roads and drillsite locations, if and as may be agreed by Guttersen and Gerrity. Absent such agreement, all drilling mud and cuttings shall remain in the pits and shall be backfilled by Gerrity provided that no material may remain that would otherwise constitute an unlawful disposal of toxic or hazardous materials or materials that otherwise require special disposal but for this Agreement.

For the same consideration, Guttersen agrees that all wells drilled on the Guttersen Ranch may be connected to the gathering system of Associated Natural Gas, Inc. ("ANGI") or such other gas gatherer as Gerrity may designate in writing, all in the ordinary course of business of ANGI or such other gas gatherer and Gerrity. Such connections shall be made by ANGI or such other gatherer subject only to good faith negotiations with Guttersen relating to easements, surface damage, gas compression facilities and related gas gathering issues. Issues related to the subject matter of this Agreement shall remain separate and distinct from the connection of wells drilled by or for Gerrity on the Guttersen Ranch to the gas gathering system of ANGI or other gas gatherer.

2. Consultation. In exercising its access rights to locations on the Guttersen Ranch, Gerrity shall, in each case, conduct good faith consultations with Guttersen as to the access routes to each well to be drilled on the Guttersen Ranch. The parties agree that the consultation for each well to be drilled on the Guttersen Ranch will be conducted not less than seven (7) days prior to the rig move scheduled for the well and that existing ranch roads will be utilized to the maximum degree practical and said roads will be

maintained by Gerrity. The maintenance obligation of Gerrity is to assure that there is no degradation or material decline in road quality or utility by reason of Gerrity's operations. The parties will mutually agree from time to time as to any maintenance that may be necessary. Additional roads constructed on the Guttersen Ranch will be constructed at the cost and expense of Gerrity at the locations agreed upon by Gerrity and Guttersen. Such additional roads shall be constructed to specifications agreed upon by Gerrity and Guttersen and the same will be maintained by Gerrity at its expense as necessary for its level of activity for a particular road as that level of activity may change from time to time. If Guttersen elects to maintain such additional roads beyond the level necessary for Gerrity's operations, the cost shall be borne by Guttersen.

The parties agree that the good faith consultation provided for pursuant to this Paragraph 2 shall include consultation regarding well locations and the location of production equipment, to include flowlines, provided, however, that Gerrity shall have the final decision-making authority with respect to those matters subject to compliance with the laws of the State of Colorado and regulations promulgated pursuant thereto as the same may from time to time be amended. Gerrity hereby agrees to locate all wells drilled by it on the Guttersen Ranch at legal locations as prescribed by the rules and regulations of the Oil and Gas Conservation Commission of the State of Colorado and/or at exception locations approved by the Oil and Gas Conservation Commission. Guttersen agrees to support any application of Gerrity for exception locations for wells drilled on the Guttersen Ranch when such locations are agreeable to Guttersen.

Guttersen and Gerrity acknowledge that close consultation is necessary with respect to the location of access roads as contemplated by this Agreement and other aspects of this Agreement and in order to facilitate the consultation, Guttersen and Gerrity agree that it is essential to provide for one person from Guttersen and one person from Gerrity to conduct the consultations. Art Guttersen is hereby appointed as the representative of Guttersen and Tom Majors is hereby appointed as the representative of Gerrity. Mr. Majors and Mr. Guttersen will use their best efforts to implement the provisions of this Agreement and dedicate the time and resources required to implement the terms hereof. Telephone numbers for Mr. Guttersen and Mr. Majors are as follows:

Art Guttersen:

Phone: 284-7777  
Mobile: 395-7777  
Fax: 284-5256  
Home: 284-7777

Tom Majors:

Phone: 353-3657  
Mobile: 789-7246 + 1722  
Fax: 939-8838  
Home: 532-3136

The designated representatives may be replaced by giving written notice of the name of the new representative.

3. Site Restoration.

a. With respect to the restoration of drillsites and surface disruption for each well drilled on Gutttersen Owned Fee, Gerrity will backfill the drillsite location to the level existing prior to operations. All such revegetation activities shall be accomplished at the sole cost and expense of Gutttersen.

b. Gutttersen hereby indemnifies Gerrity from the cost and expense of such revegetation to include attorneys' fees and other costs incurred by Gerrity in connection with any matter dealing with site revegetation issues and acknowledges that site revegetation is the exclusive responsibility of Gutttersen. When requested, Gutttersen shall cooperate with Gerrity for the release of any bonds to secure the performance by Gerrity of site restoration obligations now posted or hereafter posted by Gerrity with respect to Gutttersen Owned Fee. When requested, Gutttersen will notify the Oil and Gas Conservation Commission of the State of Colorado of its obligations with respect to restoration of drillsites on Gutttersen Owned Fee.

c. Gerrity hereby acknowledges that with respect to the lands described on Exhibit A, Parts 2 and 3 (assuming the Part 3 lands are sold to WSDC pursuant to the

Contract), that it retains the site restoration responsibility and that it shall comply with the applicable regulations of the Oil and Gas Conservation Commission of the State of Colorado as those regulations are now enacted or as the same may be amended from time to time. Gerrity hereby indemnifies Gutttersen from the cost and expense of such restoration to include attorneys' fees and other costs incurred by Gutttersen in connection with any matter dealing with site restoration issues for the lands described on Exhibit A, Parts 2 and 3 (assuming the Part 3 lands are sold to WSDC).

d. Notwithstanding the foregoing, within seven (7) days of rig release for a particular well drilled on Gutttersen Owned Fee, Gerrity will backfill all mouseholes, ratholes and working pits. Within one hundred twenty (120) days of rig release for a particular well, Gerrity will backfill reserve pits for that well unless otherwise agreed by Gutttersen and Gerrity. If requested by Gutttersen, Gerrity will use its best efforts to backfill pits earlier if the area covered by the pit is necessary for the normal and usual operation of the Gutttersen Ranch.

4. Livestock Control. All mudpits will be fenced at the cost and expense of Gerrity as needed to protect cattle from access to the pits and other reasonable protection measures to protect livestock from injury due to Gerrity's wellsite locations and operations will be utilized, provided, however, that in lieu of fencing pits, Gerrity may, with the concurrence of Gutttersen, construct a larger wellsite with more gradual slopes for the main pit area so that any livestock accessing the pit would be able to walk out of the pit.