

## SURFACE USE AGREEMENT

**Well Name: State 7-61-16**

**Section 16 T7N-R61W**

**Weld County, Colorado**

This Surface Use Agreement ("Agreement") is entered into this 24 day of September, 2010, between **Robert E. Hill**, 48920 WCR 86, Briggsdale, Colorado 80611 (herein, "Surface Owner") and **Antelope Energy Company, LLC.**, a Colorado Limited Liability Company, with its principal office at 112 W. 2<sup>nd</sup> Street, P.O. Box 577, Kimball, Nebraska 69145 (herein, "Operator").

### RECITALS

- A. Surface Owner owns the surface estate of Property located in Weld County, Colorado, legally described as:

Township 7 North, Range 61 West, 6<sup>th</sup> P.M.

Section 16: ~~SE~~ S2, NW4 16 7 61

hereinafter referred to as the "Property".

- B. Operator is the owner of the oil and gas leasehold interests in and under the Property.
- C. Operator plans to develop its leasehold interests by drilling and operating one or more oil and/or gas wells on the Property.
- D. This Agreement provides for and is limited to the protection of the surface estate of the Property, while allowing for the prudent development of the oil and gas estate.

NOW, THEREFORE, in consideration of the covenants and mutual promises set forth in this Agreement, including the Recitals, the parties agree as follows:

1. Operator agrees to remove all debris from the location, backfill the pit and cover evenly with original top soil, and additional top soil from other sites if necessary to return the site to a condition as similar to the original condition as is reasonably practicable. Any and all salt water discovered on leased premises will be disposed of properly.
2. The parties shall mutually agree to the location of any roads or rights-of-way over and across the Property prior to the beginning of any construction; provided, Surface Owner shall not unreasonably

withhold or delay its agreement to such locations. Surface Owner may request an onsite consultation with Operator.

3. The surface area to be utilized for the drilling and production of the well referenced herein is currently under contract with the United States Department of Agriculture and is enrolled in the Conservation Reserve Program (CRP).
4. Upon any completion of a test or dry hole or abandonment of any producing well, including roadways or easements thereto, which are situated upon grass or pasture land, the Operator shall reclaim the locations and roadway to the original grade, and reseed the same to grass. In the event that the grass seed fails to germinate and provide adequate cover to prevent erosion, Operator will complete a reseeding on a second or subsequent season(s) until grass or pasture is established.
5. A contact person representing the Operator will maintain contact with the Surface Owner or an agent designated by the Surface Owner to keep the Surface Owner current at all times regarding work to be performed concerning exploration, drilling and developing a well, including construction or maintenance of roadways, pipelines, electric lines or related structures.
6. The Surface Owner or his agent shall be notified any time equipment or personnel enter the Property for construction, maintenance of the well, roadways, or pipelines, or other work associated with the operation. This will not include the daily vehicle traffic necessary for routine sales, checks or maintenance on wells. No heavy equipment will enter the Property nor will construction be performed when adverse weather conditions are present that will cause undue damage to the surface of the leased premises without the prior consent of Surface Owner.

- a. Operator will pay to Surface Owner

Operator will pay to

Surface Owner

If the trench is located in or along the road right-of-way, as outlined in 7.a below, no additional fees will be paid for pipeline or electric line right-of-way.

- b. Operator shall provide Surface Owner with a map or plat identifying the placement of any buried electric line or pipelines or flowlines constructed off the drill pad.
  - c. No gathering, storage, or compression facility shall be constructed on the Property without negotiating a separate agreement for same. When practical, Operator shall install structures near the closest roadway.
- 7. All traffic will be restricted to a forty foot (40') wide right-of-way, including ditches, with such additional widths as may be necessary at curves, turns or where required due to topography, from the well site to the county road. If this road becomes impassable, Operator will reconstruct the road, as deemed reasonable, without damage to Property outside the right-of-way. Should reconstruction be required out the stated right-of-way, additional damages will be paid to Surface Owner.
  - a. Operator shall provide Surface Owner with a map or plat identifying routes which are agreed to between the parties hereto.

Operator will maintain all roadways in a reasonable manner, crowning said roadways and using gravel and culverts, as is necessary to prevent washing, and erosion. Surface Owners shall be allowed to use such roadways as required for his ranching operation.

- 8. Damages for drilling, completion and production operations shall be paid prior to the commencement of heavy equipment operations, for the ground utilized for each well and its associated drillsite. If the well is productive, the tank battery will be constructed near County Road 80. In such event,
  - will be paid for the tank battery location, as provided herein and in 8.a below. Such payment shall be inclusive of all normal damages caused by the drilling, production and plugging operations of Operator on the Property.

Should significant other damage to the Property occur, Surface Owner may be entitled to further compensation including, but not limited to loss of livestock, contamination of soil, or other unforeseen events.



- a. When requested by Surface Owner, Operator shall install gates or cattle guards. During drilling and production operations, Operator will fence pits and production equipment with stock-tight fencing material to prevent injury to livestock. Fence panels will be used around the pumping unit and four-strand barbed wire will be used around pits and the tank battery site.
9. If subsequent wells are drilled on the Property, Surface Owner will be contacted. The provisions for use of the Property shall apply as stated herein.
10. This Agreement shall remain in full force and effect for as long as the Oil and Gas Lease covering the Property is perpetuated. This Agreement shall be binding on all successors and assigns of both parties to this Agreement.
11. Operator agrees to defend, indemnify and hold Surface Owner harmless from any and all third party claims, demands or judgments connected with Operator's use of the Property.
12. Both parties herein agree to keep the terms of this Agreement confidential. In the event the State 7-61-16 well is established as a producer, Operator will prepare and record a Memorandum of this Agreement in the County Records.

Signed and agreed to this 24 day of Sept, 2010.

Surface Owner:

Operator:

Robert E. Hill  
48920 WCR 86  
Briggsdale, CO 80611

Antelope Energy Company, LLC  
P.O. Box 577  
Kimball, NE 69145

By: Robert E. Hill  
Robert E. Hill

By: Jodi Keeler  
Jodi Keeler  
Production Manager