

## SURFACE USE AGREEMENT

**THIS AGREEMENT** is made and entered into this 28<sup>th</sup> day of February, 2008, by and between **K.P. KAUFFMAN COMPANY, INC.** ("KPK"), whose address is 1675 Broadway, Suite 2800, Denver, Colorado 80202 and **ENVIROTECH SERVICES, INC.** ("Developer"), whose address is 1140 38<sup>th</sup> Avenue, Suite 1, Greeley, Colorado 80634. KPK and Developer may collectively be referred to as the "Parties."

### RECITALS

A. Developer owns or has the right to develop the surface and subsurface estates of the property (hereinafter collectively called the "Property") described below and more particularly described on Exhibit "A" attached and made a part hereto:

Township 4 North, Range 66 West, 6th P.M.  
Section 2: N/2SW/4  
Weld County, Colorado

B. KPK is the assignee of certain oil and gas leasehold rights and as such, KPK has the right to explore for, develop, and produce certain oil, gas and other hydrocarbons that underlie the Property.

C. KPK is currently producing oil and gas wells on the Property and has other oil and gas production equipment on the Property including, but not limited to pipelines, a tank battery, and lease roads.

D. Pursuant to Colorado Oil and Gas Conservation Commission ("COGCC") Rule 318(A)(e), as is presently applicable, KPK has the right to drill one additional well on the Property in the future.

E. The Developer desires to develop the surface of the Property in a manner compatible with KPK's rights and obligations to produce oil and gas from beneath the surface. KPK desires to produce the oil and gas from beneath the surface of the Property in a manner that will allow the Developer to develop the surface of the property. The purpose of the parties to this Agreement is to resolve their competing uses in a manner that will allow each party to maximize use of their respective rights and at the same time provide maximum safety for uses of the Property.

F. This Agreement is limited to the compatible development of the surface estate and the oil and gas estate.

**NOW THEREFORE**, in consideration of the covenants and mutual promises set forth herein, including the information set forth in the recitals, the parties agree, to the extent of each of their respective interests in the Property only, as follows:

1. Oil and Gas Operations Area ("OGOA") and Production Site Locations.

a. OGOAs and Production Site Locations. KPK is now operating and producing oil and gas wells at the following locations, as further depicted on Exhibit "B" attached and made a part hereto:

Hill 3-10: NE/4SW/4 of Section 2, Township 4 North, Range 66 West

Hill 4-10: NW/4SW/4 of Section 2, Township 4 North, Range 66 West

KPK has the right to drill a future oil and gas well at the following location (the "Undrilled Location"), as further depicted on Exhibit B.

Hill 2-23: NE/4SW/4 of Section 2, Township 4 North, Range 66 West

b. Battery Location. In addition, KPK has an oil and gas battery located on the Property ("Battery Location") and other related production equipment, lease roads, flow, and gathering lines leading to the Battery Location and to third party pipelines. The Battery Location already exists in the location depicted on Exhibit B.

c. OGOAs. The parties agree and understand that KPK requires a certain amount of surface area to safely drill, deepen, workover, operate, maintain each well or drill a twin well. Except as provided herein, the parties agree that space needed shall include an area, without permanent surface improvements including, but not limited to surface property lines, fences, and roadways, which is defined by a circle with the existing wellbore or a proposed well to be drilled, at the center and extending to a radius of 150 feet from the wellbore (OGOA) as shown on Exhibit B. Developer shall construct a concrete barrier around the wellheads in each OGOA, which shall have interior dimensions of no less than 12 feet by 12 feet and shall be removable by KPK to allow for access to the wellhead. Other oil and gas operators with oil and gas lease rights to drill or operate on the Property may occupy portions of the OGOAs for operations essential to the wells on the Property. Nothing in this provision is intended to imply third party beneficiary status to other oil and gas operators.

With respect to the Hill 4-10 well, the Parties agree that the setback to the North of the well shall be 110 feet, and to the East, South, and West of the well, the setback shall be 150 feet. Developer agrees to compensate KPK for the reduced setback to the North by granting KPK no less than 40 feet of setback area within the OGOA to the West of the well during any wellbore operations.

The Parties agree that no future drilling operations on any new well shall be conducted from the existing Hill 4-10 padsite. Except as to the Hill 4-10 Well, the Parties further agree that should COGCC rules and regulations or Colorado state statute amend well

spacing rules in the future, the Parties agree to again enter into negotiations looking toward the amendment of this Agreement to accommodate each Party's rights accordingly.

d. Requirements for Battery Location. The Parties agree that the existing Battery Location shall be an area with dimension of approximately 150 feet by 50 feet and shall be bermed in accordance with COGCC rules and regulations. The Parties agree that the berm surrounding the Battery Location shall be metal and shall be no less than 25 feet from the edge of Developer's Magnesium Chloride Pond, as shown on Exhibit B. The cost to install such berm shall be paid by KPK. The parties further agree that the Developer shall not locate any permanent improvements, underground or on the surface, within 200 feet from the center of the Battery Location, except as provided herein. KPK reserves the right to expand these facilities within the OGOAs as needed to accommodate Future Wells provided, however, that any expansion of the facilities within the Battery Location shall be to the North unless the parties mutually agree otherwise.

e. Additional Drilling and Reworking of Wells. KPK shall continue to have the right to exercise its oil and gas leasehold rights to produce, deepen, recomplete, or drill on the Hill 3-10 OGOA and to drill a twinned well within 50 feet of any plugged and abandoned well on the Hill 3-10 OGOA. Should KPK drill a twinned well within 50 feet of a plugged and abandoned well on the Hill 3-10 OGOA, the Parties agree to negotiate surface damages, if any, to the Property resulting from such operations in accordance with COGCC rules and regulations.

f. Waiver of Setback Requirement. The parties understand and acknowledge that the COGCC and other jurisdictional agencies have rules and regulations governing the distance between drilling a well, a wellhead and production facilities, and public roads, building units and surface property lines, among other things. To the extent permitted by applicable law, Developer hereby waives all setback requirements in COGCC Rule 603, or any amendment to the COGCC setback rules and to any other state or local setback requirements that are or become inconsistent with this Agreement or that would prohibit or interfere with the rights of KPK to explore for and produce oil and gas in accordance with this Agreement. Developer understands that KPK may cite this Agreement as a waiver of any objections in order to obtain a location requirement exception or variance under COGCC rules or from a local, state or federal jurisdiction. Developer also agrees that it will not object in any form, either directly or indirectly, to the use by KPK of the surface of the Property consistent with this Agreement.

## 2. Access to OGOAs, Undrilled Locations, and Batteries.

a. Present Lease Roads. The parties understand and agree that KPK now has a lease road or roads across the Property for access to each OGOA and Battery Location ("Lease Roads"). At the request of Developer, KPK agrees to relocate a portion of or all Lease Roads in accordance with this Agreement, provided that the relocation of such Lease Roads will not interfere with KPK's use and enjoyment of its interest in the oil and gas rights. The parties agree that KPK's Lease Roads shall be relocated as depicted on Exhibit B and designated as Access.

The Parties agree that Access off of Weld County Road 33, as depicted on Exhibit B, shall be used by KPK's drilling rig, workover rig, and tanker trucks. The Parties agree that Access off of Weld County Road 394, as depicted on Exhibit B, shall be used by KPK's daily operations vehicles, which shall include, but not be limited to, the use by KPK's pumper trucks.

b. Changes to Access to OGOAs, Undrilled Location and/or Battery Location.

Access or changes in Access to an OGOA and/or Battery Location may be changed by mutual agreement of KPK and the Developer, provided however, all costs, and expenses of any such relocation shall be borne solely by the requesting party. All Access or Lease Roads located within the OGOAs will prohibit use by the public.

c. Paved and/or Improved Roads. KPK's Access from Weld County Road 33 will be in part over paved or improved roads or streets to be built on the Property as depicted on Exhibit B. Developer hereby grants KPK the non-exclusive right to the use of such access for the term of the Oil and Gas Lease on the Property. Such portions of paved or improved roads or streets to be used by KPK from this access shall be constructed in such a manner as to accommodate all equipment used by KPK for the production of oil and gas, drilling and completing of a well or reworking of a well, regardless of any lesser standard for roads or streets required by the governing entity zoning the Property. Such use by KPK shall include, but not be limited to, the use of 110,000 pounds or 28,000 pounds per axle oil and gas associated equipment, including but not limited to drilling rigs, workover rigs, and tanker trucks, and shall include a forty (40) foot curb cut for a twenty-two (22) foot turning radius. The Developer shall keep roads or streets jointly used by all parties from this access in good condition and repair until such time as City, Town or Unincorporated County assumes ownership and maintenance of such roads and streets. KPK shall be responsible for any damage to said paved access directly caused by KPK if such access is constructed in accordance with this paragraph 2.c. Neither party shall unreasonably interfere with the use by the other in using the streets providing OGOA or Battery Location access.

d. Unimproved Lease Roads. In addition to that portion of paved or improved Access, Developer shall dedicate to KPK or other oil and gas Lessees, for their use, a lease road of not less than 15 feet in width for daily access and being straight enough and level enough that KPK is able to use said Lease Road for daily access to the Wells. The Parties hereby agree that the Lease Road as depicted on Exhibit B is mutually acceptable to both parties. KPK shall be responsible to bear the cost and expense of any maintenance or damage to said Lease Road and any additional construction of unimproved Lease Roads used by KPK on the Property.

e. Access for KPK. Regardless of the type of Access to be used or its stage of construction, the Developer will always provide unobstructed Access to KPK's OGOAs, Undrilled Location and Battery Location. The Parties acknowledge that all Access points as depicted on Exhibit B will be gated and locked by the Parties. The Parties agree to utilize separate gate locks for independent access to the Property, which access shall never be denied by either Party. KPK agrees to keep all gates on the Property locked at all times. KPK further

agrees that pursuant to COGCC rules and regulations, KPK shall give developer at least 7 days written notice of any workover operations on the Property, and at least 30 days written notice of any drilling operations on the Property.

3. Flow and Gathering Lines.

a. Flow and Gathering Line Easements for Existing Wells. KPK now has subsurface Lines (Lines) on the property that carry oil, gas and other hydrocarbons from the wellhead to a Battery Location and then on to other pipelines. At Developer's request, KPK will agree to relocate said Lines to the location marked as "Relocated Pipeline Easement" and "Proposed Future Pipeline Easement" on Exhibit B attached hereto. Developer has agreed that said place of relocation will not be administered in such a way as to interfere with KPK's ability to exercise its rights to drill for and produce oil, gas and other hydrocarbons. Developer shall grant KPK the use of an area of 50 feet during construction of a Line and shall grant KPK a recorded easement for 25 feet in width upon completion of construction of a Line for all operations, maintenance and transportation activities of the Line(s). Line locations may be changed by mutual agreement of the parties, provided, however, all costs and expenses of the relocation shall be borne by the requesting party. Neither Party shall unreasonably withhold its consent to such relocation.

b. Vertical Requirements within KPK Easements. After written notice of at least fifteen (15) days, Developer shall have the right to cross any Lines easement with roadways and other utilities, provided such crossing is made at an angle of not less than 60° and not more than 90° from KPK's Lines, but in no event shall such utility cross above or run parallel above KPK's Lines. KPK requires all subsurface utilities be not less than 24 inches below KPK's Lines. Overburden above KPK's Lines shall not exceed 72 inches, unless such utilities are found below parallel streets or Roads and above such Easement. If a roadway is constructed that permanently crosses above KPK's Lines, that portion of said Lines will be encased with protective pipe and provided with vents on each side of the roadway crossing. All expenses for the encased pipe and vents will be provided by the Developer should Developer request that KPK's line cross under Developer's permanent roadway; should Developer not make such request, all such costs will be provided by KPK. Roadways shall not be constructed parallel above KPK's Lines.

c. Horizontal Requirements within KPK Easements. Developer may request from KPK the right to place a utility within the Line(s) Easement that would parallel KPK's Line(s). KPK will not unreasonably withhold its consent to such use by Developer, but in no event shall such utility be placed within 10 feet of KPK's flow or gathering line.

d. Requirements for Encasement of KPK's Lines. In the event that Developer's proposed easement would place KPK's Line(s) within 75 feet of an ignition source including, but not limited to, houses, buildings, structures or any other potential source of ignition, then the Line(s) shall be "encased" at the Developer's expense. The points of encasement of KPK's Line(s) are depicted on Exhibit B attached hereto. The term "encased" shall mean that KPK's

Line(s) shall be enclosed in a second steel pipe with inspection vents on each end of the flow Line(s). Should KPK need to access the encased portion of a Line(s) to perform maintenance or repair work on said Line(s), Developer shall grant KPK a Work Area of 30 feet by 50 feet at each end of the encasement for that period of time necessary for KPK to perform its work on the encased Line(s). No encasement shall exceed 400 feet without Developer providing intermediate Work Areas. All Lines that must be encased shall be constructed straight and without curves from Work Area to Work Area.

e. OGOAs and Easements. The provisions of subparagraphs b and c of this paragraph shall not be applicable to the exclusive 150-foot area around a wellhead, with the exception of oil and gas operators with rights to occupy portions of the OGOA(s) for operations essential to the wells on the Property. Nothing in this provision shall be construed to imply third party beneficiary status to other oil and gas operators.

4. Easements.

a. Recording of Easements. Developer shall deliver to KPK an easement in the form of Exhibit C for each Pipeline Easement, Lease Road, Drilling Site, Undrilled Location, Work Area, and Battery Location except for paved roads and streets. Said easement shall be recorded by Developer with the County Clerk and Recorder (Easement). KPK shall vacate any recorded easement(s) which has been abandoned in favor of an Easement(s) granted by Developer under this Agreement.

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b. Description of Easements. ~~The easement may be described by metes and~~ bounds or by specific notations on Exhibit B noting direction and length from a surveyed and physically established location on the Property. The easement description shall be recorded with the County Clerk and Recorder.

c. Form of Easements. All Easements shall provide that no surface property line shall be platted within the Easement. The Easement shall further provide that the Developer, or any other entity or person, shall not, except as provided herein, locate or allow any permanent structure to be constructed on the surface or underneath the surface of the Easement.

d. Maintenance of Easements and OGOAs. KPK agrees to keep all Easements and OGOAs free and clear of trash in accordance with the rules and regulations of the COGCC. Developer reserves the right, but not the obligation, to plant dry land grasses on all Easements and OGOAs and to mow, provided however, before planting any grass in such areas, Developer shall request KPK's consent, which consent shall not be unreasonably withheld. Additionally, if Developer elects to mow said Easements and OGOAs, it shall do so only in a manner which does not violate the terms of KPK's easement or do damage to KPK's Lines or equipment, or interfere with KPK's Access or use. Developer agrees to hold KPK harmless for any injury to persons or equipment during any performance under this paragraph.

5. Shut in of KPK's Wells. The parties recognize that the Lines now installed by KPK are made of fiberglass and/or metal and the running of Developer's earth moving equipment over said Lines may crack them, which can cause an oil and gas spill and environmental damage. KPK represents that in its opinion it is not safe to continue to use such Lines after heavy earth moving equipment is in use if appropriate overburden or encasement measures are not implemented in accordance with this Paragraph. Developer shall maintain a minimum of four (4) feet and a maximum of six (6) feet of overburden over those portions of the Lines where Developer anticipates heavy earth moving equipment will cross. In addition, Developer shall encase, in accordance with Paragraph 3.d. above, those portions of the Lines where Developer anticipates the continuous crossing of heavy earth moving equipment. KPK will, for safety purposes, shut in any well connected to a Line(s) that has had heavy earth moving equipment run over it if such Line(s) does not have the appropriate overburden in place and/or is not encased in accordance with this Paragraph. Developer shall have the right to request that KPK shut in one or more of its wells during construction activity on the surface. KPK shall not unreasonably refuse to shut in its wells. During any period of shut in requested by Developer or resulting from Developer's use of heavy earth moving equipment over a KPK Line(s) without the appropriate protective measures in place, the following notification, payment, and rework provisions will apply:

a. Notification. Developer agrees to notify KPK at least twenty (20) days before Developer begins any activities on the Property, which will utilize any heavy equipment or other equipment likely to damage KPK's Line(s).

b. Payment. During the period of any shut in, Developer shall pay KPK for each shut in the following amounts:

<u>Shut In Duration</u>	<u>Fee per Well per Day</u>
5 days or less	None
6 - 29 days	\$150
30 days or more	\$200

c. Rework. Developer shall also pay KPK any costs to rework the well(s) in order to place the well(s) in production status after the shut in and costs to replace pipeline(s) and flowline(s) that are damaged by the surface construction activities of Developer. Should any well fail to produce following the shut in and such failure of production is not a direct result of Developer's actions, KPK shall be responsible for such rework costs.

d. Shut in of the Hill 4-10 Well. With respect to the Hill 4-10 Well, KPK shall shut in said well to allow for the relocation of the Line connected to the well. KPK shall shut in said well for a period of 45 days to allow for KPK, or a third party contractor acceptable to KPK, to remove the old Line and lay a new Line in the location depicted on Exhibit B. Should the Hill 4-10 Well need to be shut in for more than 45 days, Developer shall pay KPK the shut in costs in accordance with this Paragraph 5.

6. Moving of Electrical Equipment. If as a result of any changes under this Agreement, KPK's electrical provider should charge KPK for any work necessary to change the electrical equipment used by KPK, the Developer shall pay all such costs. Developer will cooperate with electrical provider to accomplish the intent of this Agreement.

7. Non-Interference. The parties agree that they will use reasonable efforts during the period of construction on the surface and afterwards not to interfere or delay KPK's right to produce the oil and gas or complete, recompleting or work on its equipment. KPK agrees that it will use reasonable efforts to accommodate the Developer in its construction of and use of the surface and subsurface of the Property.

8. Recording of Easements and Plats.

a. Plats. All Easements shall be identified on the plats and the plats shall include restrictions provided for in this Agreement. The plats shall be recorded in the Office of the Clerk and Recorder for Weld County, Colorado. The parties agree that no change in the plats shall be made that would be in conflict with the provisions of this Agreement, and that any change to the subdivision plats that may affect KPK rights under this Agreement shall not be considered until such time as KPK has been given reasonable notice and opportunity to review and comment on such changes.

b. Recording of this Agreement. A copy of this Agreement shall be recorded in the books and records of the Office of the Clerk and Recorder for Weld County, Colorado.

9. Notice of Oil and Gas Operations.

a. Notice. Developer agrees to provide each jurisdictional agency that has zoning jurisdiction over the Property and all purchasers of the Property whose rights might be affected by this Agreement, with recorded notice of this agreement and will notify such parties that this Agreement is binding upon them as a successor in interest. A Notice of Oil and Gas Operations in the form attached hereto as Exhibit D shall be recorded with the following information:

i. Subsequent purchasers' rights are subject to this Agreement, the oil and gas lease;

ii. There are ongoing oil and gas operations on the Property;

iii. Very heavy equipment and other oil and gas equipment with the accompanying loud noise will be used, from time to time, by KPK for well development and maintenance, drilling new wells and production activities and that such activities may be conducted on a 24-hour basis; and



iv. That by purchasing an interest in the Property, subsequent purchasers have agreed that they are subject to this Agreement and the oil and gas lease.

v. Activities conducted on the Property by KPK shall be as set forth in the Agreement except in cases of emergency.

10. Waiver of Rights. KPK does not by entering into this Agreement waive any rights it might have under its oil and gas lease, except as specifically set forth herein.

11. Payment of Relocation Costs. Developer shall give advance written notice to KPK at least thirty (30) days prior to the time that Developer wishes KPK to relocate an access road or pipeline pursuant to this Agreement. The Parties hereby acknowledge that Developer will give KPK notice to relocate the Hill 4-10 pipeline at the time of execution of this Agreement. KPK shall thereafter provide the Developer with an estimate of the costs for the relocation. Developer shall pay the full amount of the estimate of relocation costs to KPK within ten (10) days from the date it receives the estimate. Upon receipt of the estimate of costs by Developer, KPK will commence the relocation of the applicable access road or pipeline, install the same in a good and workmanlike manner, and diligently pursue such relocation work to completion. Upon completion of the relocation, KPK shall give the Developer a full accounting of the costs and expenses of the relocation. If the amount of such costs exceeds the amount of the estimate, Developer shall pay KPK the amount of the remaining balance due within ten (10) days from the receipt of the accounting. If the amounts of such costs are less than the amount of the estimate, KPK shall reimburse the difference to Developer at the time it provides its accounting to Developer.

12. Completion of Changes. The parties agree and understand that it has been KPK's experience that third party contractors can complete the work required by this Agreement. Provided however, any third party contractor must be approved by KPK. However, it has also been KPK's experience that third party contractors are often not available to complete the work. KPK agrees it will complete such work as required, but because of other demands on its resources, it might not be able to complete such work in the time requested by the Developer. KPK will use reasonable business efforts to complete the work in the time requested by Developer. In the event that KPK is unable to complete such work in a timely fashion, the Developer may complete such work, provided that all work is undertaken and completed in conformance with specifications set by KPK, which specifications shall adhere to COGCC rules and regulations and all applicable state law.

13. Further Assurances. Developer shall execute, acknowledge, and deliver or cause to be executed, acknowledge, and deliver such instruments and take such other actions as may be necessary or advisable to carry out its obligations under this Agreement and under any exhibit, document, certificate, or other instrument delivered pursuant hereto.

14. Successor and Assigns. This Agreement, and all of the covenants in it, shall be binding upon the personal representatives, heirs, successors and assigns of all parties and

benefits of this Agreement shall inure to their personal representatives, heirs, successors, and assigns.

15. Covenants Run with the Land. This Agreement constitutes covenants running with the land and shall be binding upon all parties who succeed to any interest, which Developer or KPK has or will have in the Property.

16. Governing Law. The validity, interpretation, and performance of this Agreement shall be governed and construed in accordance with the laws of the State of Colorado.

17. Compliance with Common Law and Statutory and Regulatory Requirements. Developer expressly acknowledges that this Agreement satisfies the obligations and requirements of KPK pursuant to COGCC rules and regulations and Colorado statutes to consult in good faith with Developer regarding existing and proposed oil and gas operations on the Property. Developer further expressly acknowledges that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligations of KPK to accommodate the use of the surface of the Property by Developer, existing and future, and Developer waives any statutory and common law claims to the contrary, including, but not limited to, any claims pursuant to C.R.S. 34-60-127.

18. Severability. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it conflicts with such laws; however, the remainder of this Agreement shall be in full force and effect.

19. Notices. Any notice or communication required or permitted by this Agreement shall be given in writing either by (a) personal delivery; (b) expedited delivery service with proof of delivery; (c) United States mail, postage prepaid, and registered or certified mail with return receipt requested; or (d) prepaid telecopy or fax, the receipt of which shall be acknowledged, addressed as follows:

To Developer:

EnviroTech Services, Inc.  
1140 38<sup>th</sup> Avenue, Suite 1  
Greeley, CO 80634

To KPK:

K.P. Kauffman Company, Inc.  
1675 Broadway, Suite 2800  
Denver, CO 80202-4628

(303) 825-4822

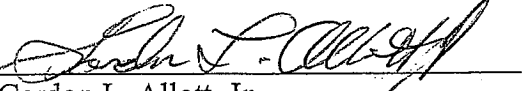
(303) 825-4825 (FX)

20. Entire Agreement. This Agreement sets forth the entire understanding among the parties and supersedes any previous communications, representations, or agreements, whether

oral or written. No change of any of the terms or conditions herein shall be valid or binding on any party unless in writing and signed by an authorized representative of each party.

**IN WITNESS WHEREOF** the undersigned parties have caused this Agreement to be executed by a duly authorized representative on the day and year first above written.

**K. P. KAUFFMAN COMPANY, INC.**

By   
Gordon L. Allott, Jr.  
Executive Vice President

**ENVIROTECH SERVICES, INC.**

By 

Printed Name: Charles B. Dickson

Title: Secretary

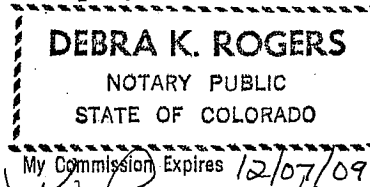
**ACKNOWLEDGEMENTS**

STATE OF Colorado )  
 ) ss.  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 21<sup>ST</sup> day of Feb, 2008, by Gordon L. Alloff, Jr. for K. P. Kauffman Company, Inc.

Witness my hand and official seal.

My commission expires: 12/07/09



Debra K. Rogers  
Notary Public

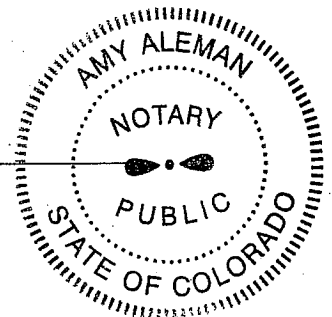
STATE OF Colorado )  
 ) ss.  
COUNTY OF Weld )

The foregoing instrument was acknowledged before me this 28 day of February, 2008, by Charles B Jackson for ENVUOTECH SERVICES INC.

Witness my hand and official seal.

My commission expires: 7/2010

Amy Aleman  
Notary Public

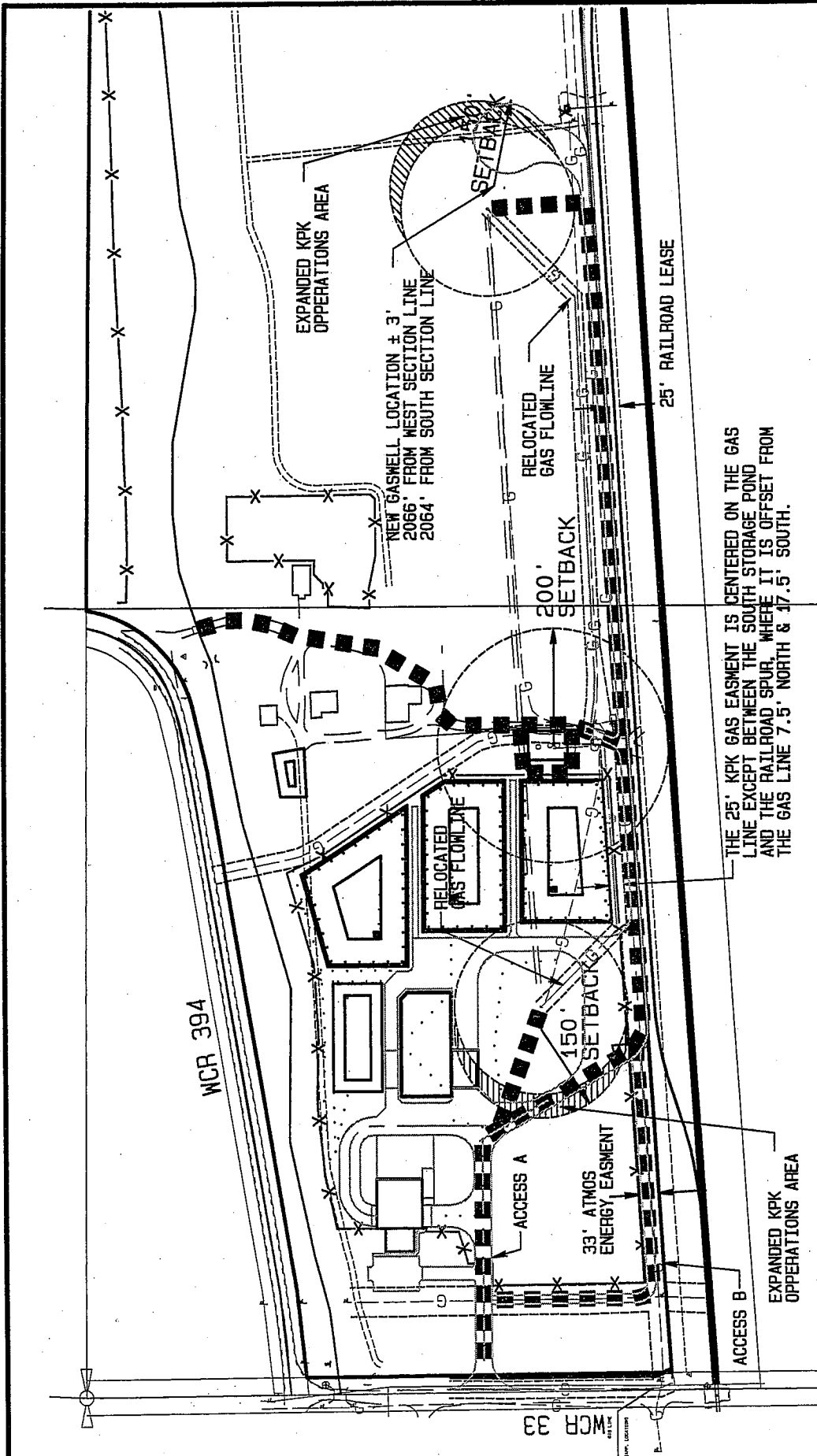


## **EXHIBIT A**

### **Property Description**

That part of the Southwest Quarter (SW1/4) of Section Two (2), Township Four North (T.4N.), Range Sixty-six West (R.66W.) of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, lying North of the Right of Way of the Union Pacific Railroad Company.

EXCEPT a triangular piece of land laying North of the Union Ditch situated in the Northwest corner of the Southwest Quarter of Section 2, Township 4 North, Range 66 West, 3 Acres and 63 Rods by measurement, as conveyed to John P. Pardee in Warranty Deed recorded February 12, 1891 in Book 99 at Page 105, Weld County Records.



## ACCESS NOTES

ACCESS	ACCESS DETAILS
A	DAYTIME KPK ACCESS
B	AFTER HOURS KPK ACCESS

**ENVIROTECH SERVICES, INC.**

**EXHIBIT B**

**ENVIROTECH MANUFACTURING SITE**

LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 66 WEST OF THE 6TH P.M., CITY OF EVANS, WELD COUNTY, COLORADO

## EXHIBIT C

To Surface Use Agreement dated February 28, 2008, by and between  
K. P. Kauffman, Inc., and Envirotech Services, Inc.

### LINE EASEMENT AGREEMENT

THIS LINE EASEMENT AGREEMENT ("Agreement") is entered into this 28<sup>th</sup> day of February, 2008, between **K.P. KAUFFMAN COMPANY, INC.** ("KPK"), whose address is 1675 Broadway, Suite 2800, Denver, Colorado 80202 and **ENVIROTECH SERVICES, INC.** ("Developer"), whose address is 1140 38<sup>th</sup> Avenue, Suite 1, Greeley, Colorado 80634.

WHEREAS, the parties have entered into a Surface Use Agreement dated February 28, 2008, and recorded March 12, 2008 at Reception No. 3541081 among the records of the Weld County Clerk and Recorder (the "Surface Use Agreement") covering the following described lands:

See attached Exhibit A

WHEREAS, the Surface Use Agreement provides that upon request the Developer will provide KPK with a separate easement agreement for it subsurface line(s) on the Property.

**NOW THEREFORE**, in consideration of the covenants and mutual promises set forth herein, including the information set forth in the recitals, the parties agree as follows:

1. Developer hereby grants a perpetual, non-exclusive easement to install, construct, replace, repair, maintain and use subsurface lines on the Property as shown on Exhibit B attached hereto and made a part hereof. The easement shall be 25 feet in width for all operations, maintenance and transportation activities of the Line(s), and during the period of construction or relocation of any lines, the easement shall be 50 feet in width.
2. Line locations may be changed by mutual agreement of the parties, provided, however, all costs and expenses of the relocation shall be borne by the Developer if Developer requests the relocation. KPK shall not unreasonably withhold its consent; and, further provided, that the relocation will not be administered in such a way as to interfere with KPK's ability to exercise its rights to drill for and produce oil, gas and other hydrocarbons.
3. After written notice of at least fifteen (15) days, Developer shall have the right to cross the Line easement with roadways and other utilities, provided such crossing is made at an angle of not less than 60° and not more than 90° from KPK's Lines. KPK requires all subsurface utilities be not less than 18 inches below KPK's Lines. Overburden above KPK's Lines shall not exceed 72 inches, unless such utilities are found below parallel streets or roads and above such Easement. If a roadway crosses above KPK's Lines, that

portion of said Lines will be encased with protective pipe and provided with vents on each side of the roadway crossing. All expenses for the encased pipe and vents will be provided by the Developer. Roadways shall not be constructed parallel above KPK's Lines.

4. Developer may request from KPK the right to place a utility within the Line Easement that would parallel KPK's Line(s). KPK will not unreasonably withhold its consent to such use by Developer, but in no event shall such utility be placed within 10 feet of KPK's flow or gathering line.

5. In the event that Developer's proposed development would place KPK's Line(s) within 75 feet of an ignition source including but not limited to houses, buildings, or structures capable of being an ignition source, then the Line shall be "encased" at the Developer's expense. The term "encased" shall mean that KPK's Line shall be enclosed in a second steel pipe with inspection vents on each end of the flow Line(s). In addition to the encasement, Developer shall provide KPK with an easement for a work area of 30 feet by 50 feet at each end of the encasement (Work Area) during those times when KPK needs to conduct maintenance or repair work to its encased Line(s). No encasement shall exceed 400 feet without Developer providing intermediate Work Areas. All Line that must be encased shall be constructed straight and without curves from Work Area to Work Area.

6. KPK agrees to keep all Easements and the OGOAs free and clear of trash in accordance with the rules and regulations of the Colorado Oil and Gas Conservation Commission. Developer reserves the right, but not the obligation, to plant dry land grasses on all easements and OGOAs and to mow, provided however, before planting any grass in such areas, Developer shall request KPK's consent, which consent shall not be unreasonably withheld. Additionally, if Developer elects to mow said Easement and OGOAs, it shall do so only in a manner which does not violate the terms of KPK's easement or do damage to KPK's Line or equipment, or interfere with KPK's Access or use. Developer agrees to hold KPK harmless for any injury to persons or equipment during Developer's performance under this paragraph.

7. The terms of this Agreement are subject to the Surface Use Agreement. The Surface Use Agreement will prevail in the event there is a conflict with this Agreement.

8. The parties agree that this Agreement and the benefits hereunder shall be binding upon and inure to the benefit of the parties hereto and their heirs, successors and assigns.


9. This Agreement and all of its covenants in it shall be covenants running with the land and shall be binding on all parties who succeed to any interest which Developer has in the Property.

**[SIGNATURES APPEAR ON THE NEXT PAGE]**



IN WITNESS WHEREOF the undersigned parties have caused this Agreement to be executed by a duly authorized representative on the day and year first above written.

K.P. KAUFFMAN COMPANY, INC.

By   
Printed Name: Gordon L. Allott, Jr.  
Title: Executive Vice President

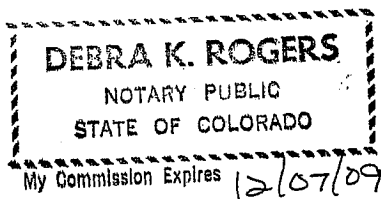
ENVIROTECH SERVICES, INC.

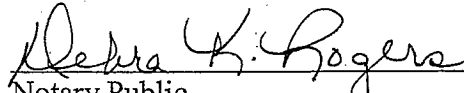
By Charles B. Dickson  
Printed Name: Charles B. Dickson  
Title: Secretary

STATE OF COLORADO )  
 ) ss.  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of Feb, 2008, by Gordon L. Allott, Jr., as Executive Vice President of K. P. Kauffman Company, Inc.

Witness my hand and official seal.  
My commission expires: 12/07/09



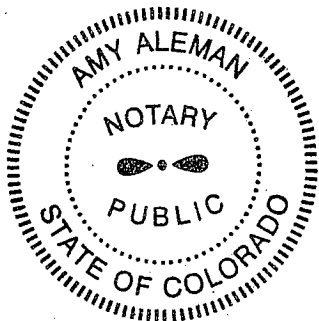
  
Notary Public

STATE OF COLORADO     )  
                                      )  
COUNTY OF Weld     ) ss.

The foregoing instrument was acknowledged before me this 28 day of Feb,  
2008, by Charles B. Dickson, as Secretary of Envirotech  
Services, Inc.

My Commission expires: 7/2010.

*Witness my hand and official seal.*



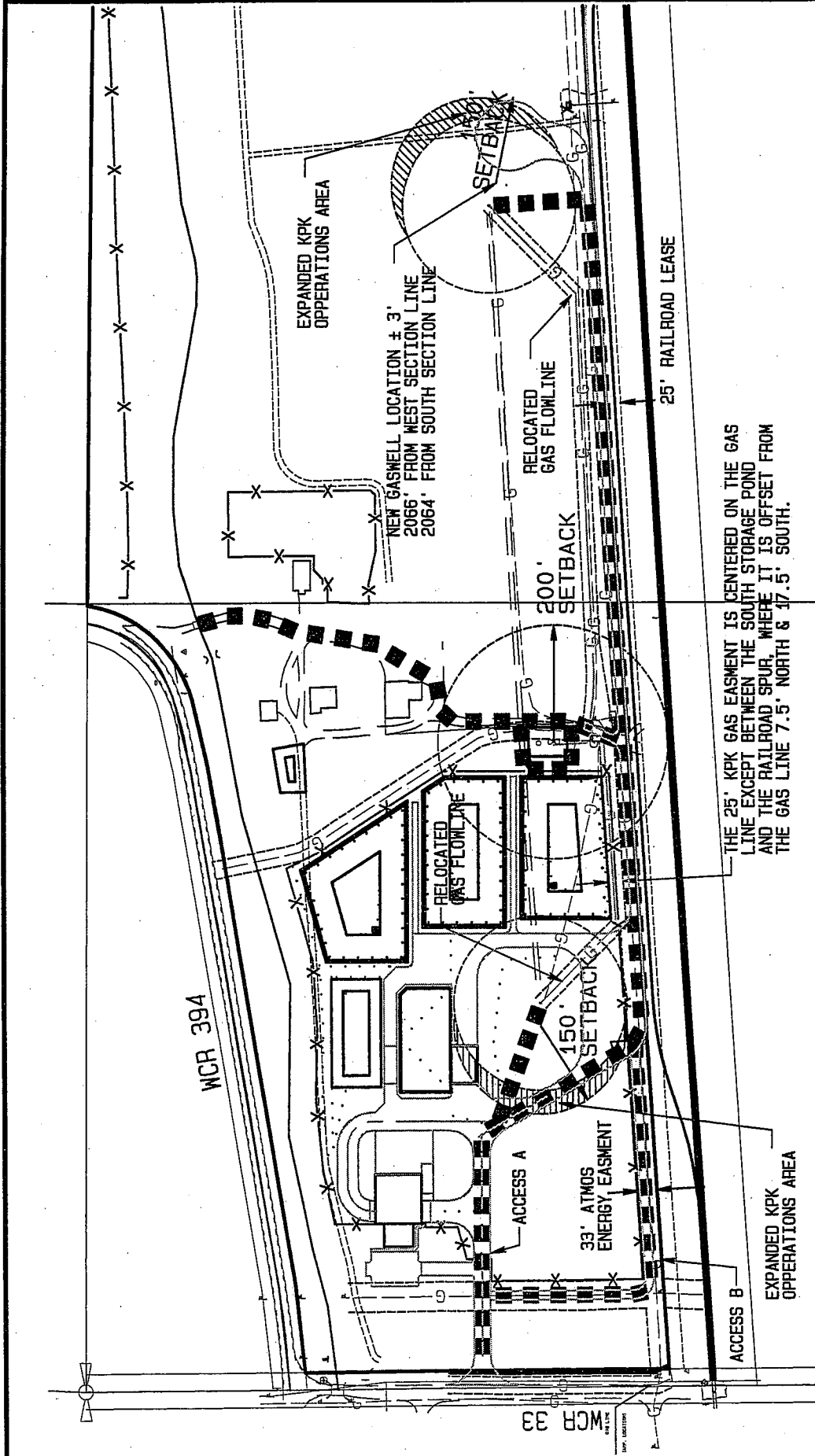
Amy Aleman  
Notary Public

## **EXHIBIT A**

### **Property Description**

That part of the Southwest Quarter (SW1/4) of Section Two (2), Township Four North (T.4N.), Range Sixty-six West (R.66W.) of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, lying North of the Right of Way of the Union Pacific Railroad Company.

EXCEPT a triangular piece of land laying North of the Union Ditch situated in the Northwest corner of the Southwest Quarter of Section 2, Township 4 North, Range 66 West, 3 Acres and 63 Rods by measurement, as conveyed to John P. Pardee in Warranty Deed recorded February 12, 1891 in Book 99 at Page 105, Weld County Records.



## ACCESS NOTES

ACCESS	ACCESS DETAILS
A	DAYTIME KPK ACCESS
B	AFTER HOURS KPK ACCESS

## ENVIROTECH SERVICES, INC.

### EXHIBIT B

## ENVIROTECH MANUFACTURING SITE

LOCATED IN THE NORTH HALF OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 4 NORTH, RANGE 66 WEST OF THE 6TH P.M., CITY OF EVANS, WELD COUNTY, COLORADO

**EXHIBIT D**  
**NOTICE OF OIL AND GAS OPERATIONS**

Attached to and made a part of that certain Agreement dated February 28, 2008 by and between K. P. Kauffman Company, Inc. and Envirotech Services, Inc.

**NOTICE OF OIL AND GAS OPERATIONS**

PLEASE TAKE NOTICE THAT K.P. Kauffman Company, Inc., a California corporation, with an address of 1675 Broadway, Suite 2800, Denver, Colorado 80202, ("KPK") and Envirotech Services, Inc., whose address is 1140 38<sup>th</sup> Avenue, Suite 1, Greeley, Colorado 80634, have entered into a Surface Use Agreement (the "Agreement") dated February 28, 2008, covering the following described lands (the "Property"):

See Exhibit A

NOTICE IS HEREBY PROVIDED to all interested parties, including surface owners, developers, their heirs, assignees and successor in interest, that pursuant to the Agreement, KPK, its agents, employees, designees, co-owners, successors and assigns have the right to use and access the surface of the OGOAs, Lines Easements and Access Roads as defined in the Agreement for the purpose of oil and gas operations and as such:

- i. Subsequent purchasers' rights are subject to the Agreement and the oil and gas lease;
- ii. That by purchasing an interest in the Property, subsequent purchasers have agreed that they are subject to the Agreement, and the oil and gas lease;
- iii. There are ongoing oil and gas operations on the Property;
- iv. Very heavy equipment and other oil and gas equipment with the accompanying loud noise will be used, from time to time, by KPK for well development and maintenance, drilling new wells and production activities and that such activities may be conducted on a 24-hour basis; and
- v. Activities conducted on the Property by KPK shall be as set forth in the Agreement except in cases of emergency.

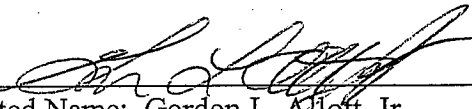
The Agreement has been recorded in the real property records of Weld County, Colorado on March 12, 2008, 2008, at Reception No. 3541081.

This notice may be executed by facsimile and in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

**[SIGNATURES APPEAR ON THE FOLLOWING PAGE]**

K. P. Kauffman Company, Inc.  
Surface Use Agreement  
Weld County, State of Colorado

**K.P. KAUFFMAN COMPANY, INC.**

By   
Printed Name: Gordon L. Allott, Jr.  
Title: Executive Vice President

**ENVIROTECH SERVICES, INC.**

By Charles B. Dickson  
Printed Name: Charles B. Dickson  
Title: Secretary

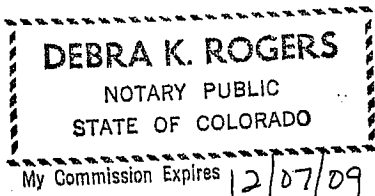
**ACKNOWLEDGEMENTS**

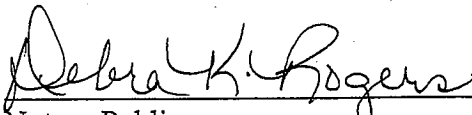
STATE OF COLORADO    )  
                                  ) ss.  
COUNTY OF Denver    )

The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of Feb, 2008, by Gordon L. Allott, Jr., as Executive Vice President of K.P. Kauffman Company, Inc.

Witness my hand and official seal.

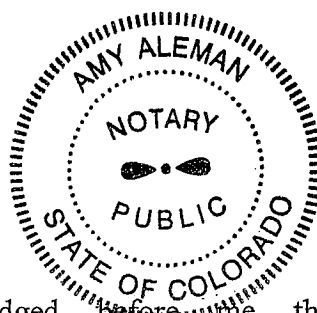
My commission expires: 12/07/09



  
Notary Public

K. P. Kauffman Company, Inc.  
Surface Use Agreement  
Weld County, State of Colorado

STATE OF COLORADO     )  
  ) ss.  
COUNTY OF Weld     )



The foregoing instrument was acknowledged before me this 28 day of February, 2008, by Charles B. Dickson for Envirotech Services, Inc.

Witness my hand and official seal.

My commission expires: 7/1/10

Amy Aleman  
Notary Public

## **EXHIBIT A**

### **Property Description**

That part of the Southwest Quarter (SW1/4) of Section Two (2), Township Four North (T.4N.), Range Sixty-six West (R.66W.) of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, lying North of the Right of Way of the Union Pacific Railroad Company.

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