

## SURFACE USE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this 29th day of May, 2007 ("Effective Date") by and between **D. F. Holdings, Inc.**, whose address is whose address is 6060 North Central Expressway, Suite 305, Dallas, TX 75206, hereinafter called "Owner", and **Antero Resources Piceance Corporation**, whose address is 1625 17th Street, Suite 300, Denver, Colorado 80202, hereinafter called "Operator".

WHEREAS, the undersigned owns the surface of the property described on Exhibit A attached hereto and made a part hereof for all purposes ("Property");

WHEREAS, Operator desires to utilize the Property for the operations hereafter described, and Owner desires to allow such utilization;

WHEREAS, Owner and Operator desire to enter into this Agreement to stipulate the terms and conditions under which Owner will permit use of the Property by Operator.

NOW, THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration in hand paid, receipt of which is hereby acknowledged, Owner and Operator agree as follows:

1. **Surface Ownership.** Operator desires to explore for and produce oil and gas and associated hydrocarbons from the surface of the Property owned by Owner and described on **Exhibit A** attached hereto and made a part hereof for all purposes.
2. **Grant of Easements.** Owner hereby grants to Operator by quit claim deed the following easements and rights-of-way over and across the Property, as shown depicted on the exhibits attached hereto and are made a part hereof:
  - (a) an exclusive easement for a well pad on the Property (the dimensions of which are described on **Exhibit B**) for the purpose of drilling, completing, operating and producing wells, conducting reservoir fracture stimulation operations, re-completing wells, monitoring wells, locating tank batteries, gas and water pipelines, pigging facilities, water discharge facilities, electrical lines, and production facilities. Without the written permission of Owner, no more than ten (10) wells may be located on the well pad;
  - (b) a non-exclusive right-of-way and access easement not to exceed fifty (50) feet in width during construction and twenty-five (25) feet in width after construction as depicted on **Exhibit C** for the purpose of accessing the well pad described on **Exhibit B** and the gas and water pipeline described on **Exhibit D**, to permit constructing, operating, maintaining and repairing the same; and,
  - (c) a non-exclusive right-of-way and easement (not to exceed fifty feet (50') in width during construction and twenty-five feet (25') in width after construction) as depicted on **Exhibit D** for the purpose of constructing, operating, maintaining, replacing and repairing a continuous and efficient gas pipeline and water pipeline to handle both production from the Property and other lands which Owner may not have an interest.

Within 60 days after completion of any pipeline or access road constructed on the Property, Operator will furnish to Owner an as-built survey plat showing the location of the pipeline or access road. Owner agrees that Operator may file the attached deeds and as-built survey plat(s) in the real property records of Garfield County, Colorado. At Operator's request, Owner will furnish to Owner a quitclaim deed for such easements in a format suitable for recording in Garfield County, Colorado.

3. **Notification.** Operator shall notify Owner prior to initial operations upon the Property. Prior to the construction of the access road generally depicted on **Exhibit C**, Operator shall provide Owner with specifications on culverts. The surfaced area of the access road shall be a minimum of 20 feet in width, but within the easements on **Exhibit C**. If construction of the access road creates a gap in Owner's existing property boundary fence with County Road 331, Operator shall tie-in to existing fencing and install a gate at the point where the access road connects with the County Road 331 right-of-way. Operator shall observe a twenty (20) mile per hour speed limit on the access road.

4. **Operation Limitations.** All operations shall employ closed drilling systems in which drilling mud and drilling debris are solidified and stacked on location for disposition at off-site facilities.

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6. **Termination of Rights.** The rights granted by Owner to Operator under this Agreement relating to the exploration and development of hydrocarbons from the Property shall terminate upon the permanent plugging and abandoning of the last well located on the Property, or lands pooled or spaced therewith pursuant to the rules and regulations of the Colorado Oil and Gas Conservation Commission. The easements and rights-of-way granted herein relating to lands in which Owner does not have an interest, shall terminate if and when Operator shall cease to use such easements and rights-of-way for a period of 24 consecutive months without suspension of use for regulatory reasons or events of force majeure. At such time as a termination of rights is effected under this Agreement, Operator agrees to execute a quit claim deed to Owner relinquishing all rights in the easements) and/or right(s)-of-way terminated.

7. **Nonexclusive Rights.** Except for the well pad depicted on **Exhibit B**, the rights granted by Owner to Operator are nonexclusive, and Owner reserves the right to use all access roads after the date of this Agreement, and all surface and subsurface uses of the lands affected by this Agreement and the right to grant successive easements thereon or across on such terms as Owner deems necessary or advisable.

8.

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market value. Any fires caused by Operator's personnel, agents, or assigns shall be paid for by paying the cost of replacement pasture or structure, plus replacement and/or repair costs for all personal property destroyed or damaged. The cost of replacement pasture will be determined by the amount generally accepted in the area for like kind pasture.

9. **Maintenance.** Operator shall at all times keep the well pad, the pipeline right-of-way and the road right-of-way safe and in good order, free of noxious weeds, litter and debris. Operator shall keep the gate at the County Road closed, except at such time of Operator's continuous operation. At such time that residential structure(s) are constructed on the Property, Operator shall apply at least one (1) treatment of magnesium chloride to the access road. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's property. No seismic operations shall be permitted without written consent of Owner. No hazardous substances shall be permanently stored on the Property after the final well has been completed on the well pad. For the purposes of this Agreement, "hazardous substances" are defined as "no hazardous substances in excess of reportable quantities". This will, by definition, necessarily exclude standard use of fuels and motor oils used on the drilling and completion equipment. All such substances shall be stored only during active operations and shall be contained within bermed and lined areas. Operator shall report the spill or release of any hazardous substance to Owner within twenty four (24) hours of discovery.

10. **Produced Water.** Surface discharge of produced water will not be permitted on Owner's Property. Produced water shall be removed from the Property at a frequency in accordance with industry standards or Colorado Oil and Gas Conservation Commission regulations.

11. **Abandonment.** If the Operator desires to plug and abandon the well(s) because the Operator determines no wells on the well pad are capable of commercial production, then, in that event, the Operator shall fill and level the location, re-contour the location, distribute the topsoil, make the location ready for reseeding, and reseed the area with a native seed mix, and plug and abandon the well as required by applicable law and regulations. All cleanup and restoration requirements shall be completed by Operator within six months after the termination of final activities at the well pad, weather permitting.

12. **Improvements.** No fences, cattleguards or other improvements on Owner's property shall be cut or damaged by Operator without the prior written consent of Owner and the payment of additional damages or the institution of other safeguards to protect the rights and property of the Owner. Upon final termination of Operator's rights under this Agreement, Operator shall return all roads and other rights-of-way or sites as near as practical to the condition which they were in prior to the execution of this Agreement, unless a lower standard is otherwise agreed to by Owner. All disturbed areas caused by Operator's activities will be reseeded. Fences shall be restored as near as practical to the original condition unless otherwise agreed by Owner.

13. **No Warranty.** Owner makes no warranty of title or otherwise in entering into this Agreement; provided, however, if it is determined that Owner does not have the right to authorize Operator to use the Property affected by this Agreement for the purposes set forth herein, then Operator's sole remedy shall be to recover from Owner those payments made by Operator for the rights which Owner did not have the right to grant to Operator.

14. **Non-disturbance.** Operator and its employees and authorized agents shall not disturb, use or travel upon any of the land of Owner that is not otherwise described in **Exhibits B, C or D**. Owner shall not permit its employees or authorized agents to camp on the Property or to otherwise remain on the Property outside of normal working hours. Operator shall provide adequate sanitary facilities on the Property for the use of its employees and authorized agents.

15. **Firearms and Explosives.** None of the Operator's employees or authorized agents or any other person under the direction or control of Operator shall be permitted to carry firearms or any weapon while crossing the Property, and such persons shall not hunt or fish on Owner's property and shall not trespass on Owner's property for the purposes of hunting or fishing or recreational uses. No explosives shall be used the Property. Operator will notify all of its contractors, agents and employees that no firearms, weapons, hunting, fishing or recreational activities will be allowed on Owner's property.

16. **Water.** Operator shall not use any water from existing wells, ditches, reservoirs and springs on Owner's property, without Owner's prior written consent. Operator shall not disturb, interfere with, fill or block any creek, ditch, reservoir, spring or other source of water on Owner's property.



17. **Enforcement Costs.** If Operator defaults under this Agreement, Operator shall pay all costs and expenses, including a reasonable attorney's fee, incurred by Owner in enforcing this Agreement.

18. **Time.** Time is of the essence in this Agreement.

19. **Indemnification.** To the maximum extent permitted by law, Operator will indemnify, defend and hold Owner, and if applicable, Owner's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to Operator's activities on Owner's property (including, without limitation, any claims that Operator's operations hereunder are either illegal, unauthorized, or constitute an improper interference with any party's rights, or have damaged the lands or operations of adjacent landowners and including any claims based on the alleged concurrent negligence of Owner).

20. **Compliance with Law.** Operator shall conduct operations and activities in accordance with existing local, state and federal laws, rules and regulations.

21. **Waiver of COGCC Rule.** Owner hereby waives all setback requirements in Colorado Oil and Gas Conservation Commission ("COGCC") Rule 603, or any successor rule or amendment thereto. Owner hereby waives its right to notice under COGCC Rules 305 and 306, or any successor rule or amendment thereto. Owner agrees that Operator may furnish a copy of this Agreement to the COGCC to evidence such waiver.

22. **Development of Property.** Owner discloses to Operator its intent to subdivide and develop the Property in the future.

23. **Release.** To the maximum extent permitted by law, Operator releases and waives and discharges Owner, and, if applicable, Owner's officers, directors, employees, agents, successors and assigns from any and all liabilities for personal injury, death, property damage or otherwise arising out of Operator's operation under this Agreement or use of Owner's property.

24. **Notice.** Notice may be given to either party to this Agreement by depositing the same in the United States mail, postage prepaid, duly addressed to the other party at the address set out below the party's signature on this Agreement. Such notice shall be deemed delivered when deposited in the United States mail.

25. **Recording.** This Agreement may not be recorded without the written consent of Owner and Operator; however, the parties do agree that the exhibits may be recorded, along with a memorandum of this Agreement, to provide notice of the existence of the easements granted hereunder.

26. **Conflicts.** Any conflicts between this Agreement and the Lease will be governed by this Agreement.

27. **Construction of Agreement.** This Agreement shall be construed under the laws of the State of Colorado.

28. **Assignability and Binding Effect.** This Agreement is assignable by Owner or Operator, and will be binding upon the successors and assigns of the parties.

DATED this 5 day of June, 2007.

**OWNER**

D. F. Holdings, Inc.

By:   
Title: Vice President

**OPERATOR**

Antero Resources Piceance Corporation

By:   
Title: Vice President

RATIFIED BY:

Valley Farms, Inc.

By:   
Title: Vice President

RATIFIED BY:

The Estate of Roger McFarland Dixon

By:   
Title: Independent Executor

Exhibit A  
Description of Property

Township 6 South, Range 92 West, Garfield County, Colorado

Section 15: All that part of the NW/4 SW/4 of Section 15 lying East of County Road No. 331 (Assessor's Parcel No. 2179.153.00.489)

EXHIBITS B, C and D

REDACTED