



## SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") is effective the 10th day of November, 2006, between KENT S. JOLLEY, whose address is 832 Canyon Creek Drive, Glenwood Springs, Colorado 81601 and BRETT L. JOLLEY, whose address is 1288 County Road 245, New Castle, Colorado 81647 ("Owner"), and ORION ENERGY PARTNERS L.P., whose address is 1675 Broadway, Suite 2000, Denver, Colorado 80202 ("Operator")

### RECITALS

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

Township 6 South, Range 91 West, 6<sup>th</sup> P.M.

Section 21: SW/4NE/4, SE/4NW/4, NE/4SW/4, NW/4SE/4, E/2SE/4

Section 27: NW/4NW/4

Section 28: NE/4NE/4

containing 320.00 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 extract 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.

### TERMS

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

#### 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 only at the locations depicted on the map attached to this Agreement as Exhibit A. No Well Pad shall exceed five (5) acres of disturbed area, including any cuts and fills during drilling. Upon completion of drilling, the size of the Well Pads shall be reduced to a maximum of one and one-half (1 ½) acres. Operator may drill the maximum number of Wells on the Well Pad(s) permitted by

not buried in place. Excavated material shall be replaced within thirty (30) days of finalization of completion operations

1.11. No open pit mining or drilling shall be permitted on the Property. The Well Pad 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.

1.12. No compressor units or stations, processing plants, or other similar facilities of any kind shall be located on the Property.

## 2. Road, Pipelines, and Related Issues.

2.1. Road. Owner grants to Operator a non-exclusive access right-of-way ("Road Right-of-Way" or "Right-of-Way") on portions of the Property and across adjacent lands owned by Owner to the Well Pad(s), at specific locations to be approved by Owner and generally depicted on Exhibit A and Exhibit B, 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. The road shall be constructed in accordance with the standards of BLM Resource Roads, as described in "Surface Operating Standards for Oil and Gas Exploration and Development," 3<sup>rd</sup> Edition, prepared by BLM/FS Rocky Mountain Regional Coordinating Committee.

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 road 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 the natural flow of creeks, wells, and ditches, 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 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. Further, Operator shall keep the Right-of-Way in good order, at all times free from litter and debris.

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

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

9.20. Assignment This Agreement is assignable by the parties

9.21. 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.

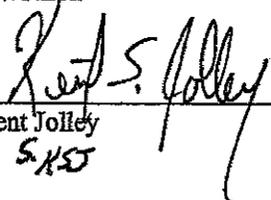
9.22. Construction. Whenever required by the context of this Agreement, the singular shall include the plural, and vice versa; and the masculine gender shall include the feminine and neuter genders, and vice versa. The provisions of this Agreement have been independently, separately and freely negotiated 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

9.23 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

9.24 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 Garfield 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.

9.25. 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

OWNER.

  
\_\_\_\_\_  
Kent Jolley  
SJS

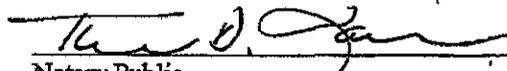
  
Brett Jolley  
L.  
BJ

STATE OF COLORADO )  
 ) .ss  
COUNTY OF Garfield )

The foregoing instrument was subscribed and sworn to before me on November 10<sup>th</sup>  
2006, by Kent S. Jolley and Brett L. Jolley.

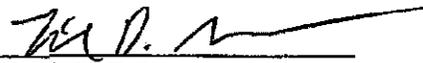
My commission expires: 11/07/2009

Witness my hand and seal.

  
Notary Public

OPERATOR:

Orion Energy Partners, L.P.

By.   
Rick D. Gallegos,  
Land Manager, Northern Region

STATE OF COLORADO )  
 ) .ss  
COUNTY OF Garfield )

The foregoing instrument was subscribed and sworn to before me on \_\_\_\_\_  
200\_\_, by Rick D. Gallegos, Land Manager of Orion Energy Partners L.P.

My commission expires: 11/07/2009

Witness my hand and seal.

  
Notary Public

# Exhibit "A"

Attached to and made part of that Surface Use Agreement dated November 10, 2006, between Kent S. Jolley and Brett L. Jolley, as owner and Orion Energy Partners L.P., as operator.

