

SURFACE USE AGREEMENT  
318 A(e) Vertical

THIS SURFACE USE AGREEMENT ("Agreement"), dated effective this 17<sup>th</sup> day of August, 2011, is made by and between the undersigned, Paul A. Sater, whose address is 28496 County Road 44, Kersey, Colorado 80644, herein called "Owner", and Noble Energy, Inc., 1625 Broadway, Suite 2200, Denver, Colorado 80202, herein called "Noble";

WHEREAS, Owner represents that they are the surface owners and in possession of an interest in part or all of the surface estate for the following described lands in Weld County, Colorado, said land herein called "Lands", to wit;

Township 4 North, Range 64 West, 6th P.M.  
Section 12: W/2SE/4, E/2SW/4;

covering the following named wells: WATKINS C12-24 and WATKINS C12-23D.

WHEREAS, Owner recognizes that Noble has the right to conduct operations on the Lands pursuant to Oil & Gas Lease(s) covering the Lands and Owner and Noble desire to minimize any surface damage to the Lands and to reach an agreement regarding such surface damage;

NOW, THEREFORE, in consideration of the \_\_\_\_\_ and other valuable consideration, the sufficiency of which is hereby acknowledged, Owner and Noble agree as follows:

1. Payment to Owner. Prior to commencement of drilling operations on the Lands, Noble shall pay Owner the following sum as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, stimulation, completion, re-stimulation, re-completion, deepening, reworking, equipping, production, maintenance, plugging and abandoning operations for the well(s) together with the installation, operation and maintenance of the associated flowline(s), access roads and production facilities, unless otherwise specifically provided herein:

A. \_\_\_\_\_ for the proposed wellsite WATKINS C12-24 as shown on Exhibit "A", attached hereto and made apart hereof qualifies as a GWA infill well ("Infill Well") pursuant to Colorado Oil and Gas Conservation Commission ("COGCC") Rule 318A.e. The payment for the WATKINS C12-24 is for locating the Infill Well at a surface location at which Noble's preferred bottom hole location can be reached by utilizing vertical drilling techniques, and represents full and complete settlement and satisfaction for Owner granting all waivers and consents necessary to obtain a permit to drill the Infill Well as required by the

COGCC or any local jurisdiction. for the proposed wellsite WATKINS C12-23D as shown on Exhibit "A" attached hereto. The payments shall also include compensation to the Owner for all the damages on the Lands in which Owner owns the entire surface estate, together with any lands used for road purposes, production facilities, pipelines, flowlines, or other necessary facilities in connection with the wellsites.

B. If, by reasons directly resulting from the operations of Noble, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, including, but not limited to, damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be repaired or replaced by Noble, or Noble will pay reasonable compensation to Owner for such additional actual damage or an amount equal to the reasonable costs to repair such actual damages.

C. Owner agrees to notify any surface tenant that may be affected by Noble's operations on the Lands and Owner may allocate the payments made hereunder with such surface tenant as they shall mutually determine between themselves and Noble shall have no liability therefore.

D. Owner grants consent to locate the Infill Well greater than 50 feet from an existing well pursuant to COGCC Rule 318A(c.) Owner grants consent to locate the proposed Infill Well outside of the GWA windows as defined in COGCC Rule 318A(a). Owner grants any necessary property line waivers required under COGCC Rule 603 and grants waivers as to any other state or local setback requirements or other requirements or regulations that are or become inconsistent with this Agreement. Additionally, Owner grants waivers or consents to any requirement or regulation that may prohibit or interfere with obtaining any necessary permits to drill the Infill Well. Owner understands that Noble may provide a copy of this Agreement in order to obtain an exception location or variance from the COGCC or local jurisdiction. Owner also agrees that it will not object in any forum to the use by Noble of the surface of the Property consistent with this Agreement and that it will also provide Noble with written support reasonably required to obtain permits from the COGCC or local jurisdiction.

2. Noble Obligations. In conducting operations on the Lands, Noble shall:

A. Locate, construct and install the wellsites, access road, flowlines, and production facilities, including, but not limited to, pumping units, production tanks, water pits, heater/treaters, separators and emission control units as depicted on Exhibit "A" attached hereto and by this reference made a part of this Agreement.

B. Limit the size of each wellsite to approximately 350 feet by 400 feet during any drilling, completion, recompletion or workover operations and shall be no more than 1/4 acre in size during other periods. The area required for any tank battery location associated with each well shall be limited to approximately one-half acre in size upon completion of construction. Access roads shall be limited to approximately 30 feet

in width during drilling, completion, deepening, refracing, recompletion, reworking, equipping and production operations. The permanent access roads to the wellheads and tank battery location shall be limited to 15 feet in width.

C. Separate the topsoil at the time of excavation of pits in accordance with Rule 1002.b.(2) of the rules and regulations of the Colorado Oil & Gas Conservation Commission ("COGCC") so that the topsoil and subsurface soil can be placed back in proper order as nearly as practicable.

D. Perform all reclamation in accordance with the rules and regulations of the COGCC, unless a variance is granted by the COGCC upon the request of Owner. Weather permitting, reclamation operations shall be completed within six months following drilling and subsequent related operations, unless Noble and Owner mutually agree to postponement because of crop or other considerations.

E. Use reasonable efforts to keep the wells, Lands, and production facilities free of weeds, debris and erosion.

F. Regarding a wellsite that is located in alfalfa fields, the Surface Owner shall have the option to either have Noble reseed the affected area at Noble sole cost, risk and expense, or reseed the affected area itself and receive payment from Noble in the amount of \$\_\_\_\_\_ upon notice of such reseeded by Surface Owner. Such payment will constitute Surface Owner's acceptance of responsibility for compliance with COGCC Rule 1003.e.(1), Revegetation of Crop Lands, insofar as any perennial forage crops that were present before disturbance shall be re-established.

3. Advance Notice. Owner hereby acknowledges receipt of Noble's Advance Notice of Drilling and that this notice complies with, or hereby waives, all COGCC requirements that it be given advance notice by Noble of the proposed operations. Owner acknowledges receiving from Noble a brochure prepared by the COGCC which describes the rights and responsibilities of Owner as surface owner.

4. Good Faith Consultation. Owner acknowledges and agrees that Noble has consulted in good faith with Owner as to its proposed operations, in accordance with COGCC requirements, or hereby waives such requirements.

(a) Noble will provide Owner with the COGCC Form 2A for the well(s) when submitted to the COGCC, and Noble undertakes to ensure that said Form 2A accurately reflects the provisions of this Agreement, including the specified surface locations of facilities shown on Exhibit A.

(b) Owner agrees not to object to said Form 2A, so long as it is consistent with this Agreement, and hereby agrees to not comment on said Form 2A, to not request an extension of the comment period, to not request an onsite inspection and further agrees to not to appeal the approval and issuance of the Form 2A and the related Form 2.

5. Successors and Assigns. When Noble or Owner is used in this Agreement, it also means its successors and assigns, as well as its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of Owner and Noble and may be executed in counterparts.

6. Confidentiality. Owner agrees to keep the amount of consideration paid hereunder by Noble confidential and shall not disclose such information without the advance written consent from Noble. Owner further agrees to include language in any annexation, subdivision plat, planned unit development or other land use designation for which Owner may apply to put successors or assigns on notice that the property is subject to this Agreement. Noble may record a memorandum evidencing the existence of this Agreement, but in all other respects its terms and conditions shall be held confidential by the parties.

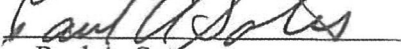
7. Governing Law/Venue. This Agreement shall be interpreted according to the laws of the State of Colorado. Venue for any dispute shall be Weld County, Colorado.

8. Written Modifications/Notices. This Agreement may only be amended in writing signed by both parties. All notices to either party shall be in writing addressed to the parties at the address first set forth above.

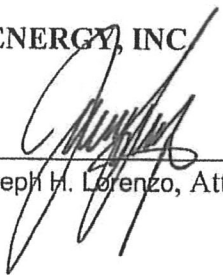
9. Effective Date and Term. This Agreement shall become effective when it is fully executed and shall remain in full force and effect until Noble's leasehold estate expires or is terminated, and Noble has plugged and abandoned the well(s) and conducted reclamation in accordance with this Agreement and applicable COGCC rules and regulations, except that any release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement.

AGREED TO AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE.

OWNER: PAUL A. SATER

By:   
Paul A. Sater

NOBLE ENERGY, INC

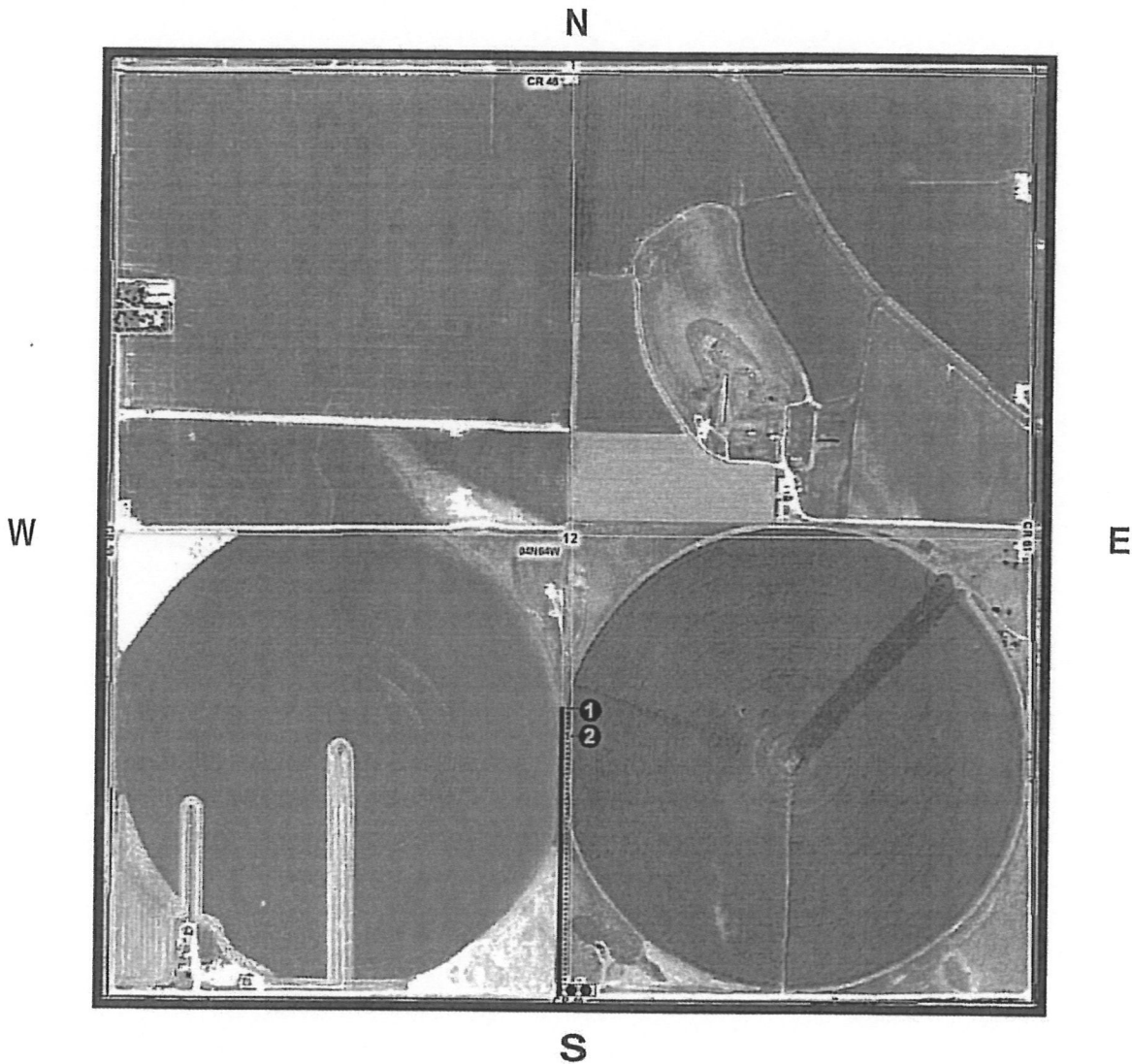
By:   
Joseph H. Lorenzo, Attorney-In-Fact

MR  
up SE

## Exhibit "A"

Attached to and by reference made a part of that certain Surface Use Agreement dated August 17<sup>th</sup>, 2011, by and between Paul A. Sater, as "Owner", and Noble Energy, Inc. as "Noble" covering the following lands:

Township 4 North, Range 64 West, 6th P.M.  
Section 12: W/2SE/4, E/2SW/4  
Weld County, Colorado



1. WATKINS C12-24

2. WATKINS C12-23D

Road Access

Flowlines

Tank Battery

