

**MEMORANDUM OF SURFACE USE AGREEMENT**

**THIS MEMORANDUM**, made this 23rd day of **FEBRUARY, 2011**, by and between **K DIAMOND RANCH, LLC**, a Colorado Limited Liability Company, whose address is 531 CR 174, Craig, CO 81625, hereinafter called "Surface Owner," whether one or more, and **QUICKSILVER RESOURCES INC.**, 801 Cherry Street, Suite 3700, Unit 19, Fort Worth, Texas 76102, hereinafter called "Operator."

**WITNESSETH:** That an unfiled Surface Use Agreement was entered into, dated February 23, 2011, by and between Surface Owner and Operator, intended to define the terms and conditions under which Operator or it's assigns may enter Surface Owner's property, situated in Moffat County, State of Colorado, described as follows:

*R.T.D. DKO*  
Attached Exhibit "A"

Containing ~~11,220.145~~ <sup>11,330.085</sup> acres more or less in Moffat County, Colorado

The Surface Use Agreement was entered into for the purpose of exercising Operator's rights, as working interest owner, pursuant to an oil and gas lease(s) underlying Surface Owner's property, as well as oil and gas leases that Operator can access from Surface Owner's property but not underlying Surface Owner's property.

Reference is hereby made to executed copies of said Surface Use Agreement in possession of Surface Owner and Operator respectively, for all provisions thereof. If there should be any discrepancies between this Memorandum and the Surface Use Agreement, then the Surface Use Agreement shall control.

This Memorandum shall be effective as of the date first written above.

**Signatures:**

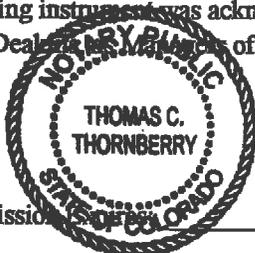
**K Diamond Ranch, LLC, a Colorado Limited Liability Company**

*Richard T. Deakins Manager*  
Richard T. Deakins, Manager

*Donna K. Deakins Manager*  
Donna K. Deakins, Manager

STATE OF COLORADO  
COUNTY OF Moffat

The foregoing instrument was acknowledged before me this 14 day of March, 2011, by Richard T. Deakins and Donna K. Deakins, Managers of K Diamond Ranch, LLC, a Colorado Limited Liability Company, for and on behalf of the company.



My Commission Expires 05/13/2014

*Thomas C. Thornberry*  
Notary Public

COPY

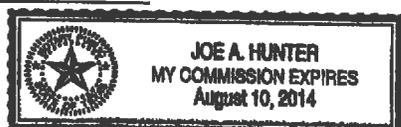
*Kathleen A. Boone*  
Kathleen A. Boone,  
Attorney in fact for Quicksilver Resources Inc., a Delaware corporation.

STATE OF TEXAS  
COUNTY OF TARRANT

The foregoing instrument was acknowledged before me this 21st day of March, 2011, by Kathleen A. Boone as attorney in fact for and on behalf of Quicksilver Resources Inc., a Delaware corporation.

My Commission Expires: \_\_\_\_\_

*Joe A. Hunter*  
Notary Public





**Exhibit A**

Exhibit attached to and made a part of that certain Memorandum of Surface Use Agreement dated February 23, 2011, by and between, **K Diamond Ranch, LLC**, a Colorado Limited Liability Company, as Lessor, and **Quicksilver Resources Inc.**, as Lessee.

**TOWNSHIP 6 NORTH, RANGE 92 WEST, 6<sup>TH</sup> P.M.**

- Section 3: W/2SW/4
- Section 10: W/2NW/4
- Section 5: NW/4SW/4, S/2S/2
- Section 5: Lots 6 and 7, SW/4NE/4, SE/4NW/4, NE/4SW/4, NW/4SE/4
- Section 6: Lots 10, 11, 12, 13 and SE/4NW/4
- Section 6: SE/4, E/2SW/4
- Section 6: Lot 14
- Section 7: Lots 5, 6, 7, 8, E/2NW/4, NE/4SW/4
- Section 7: S/2NE/4, SE/4
- Section 8: NW/4SW/4
- Section 8: NE/4SE/4
- Section 8: W/2SE/4, SE/4SE/4
- Section 9: W/2SW/4
- Section 17: NE/4NE/4, S/2NE/4, N/2SE/4
- Section 17: NW/4NE/4
- Section 9: W/2E/2, SE/4NE/4, NE/4SE/4, E/2SW/4
- Section 15: NW/4SW/4
- Section 15: SW/4SW/4
- Section 21: NE/4NE/4, S/2NE/4, NW/4SE/4, S/2SE/4
- Section 22: NW/4NW/4
- Section 21: S/2SE/4SW/4, N/2SE/4SW/4, N/2NE/4SW/4  
SW/4SW/4, S/2NE/4SW/4, S/2NW/4SW/4  
N/2NW/4SW/4
- Section 17: SE/4SE/4
- Section 20: E/2NW/4, S/2NE/4, NE/4NE/4
- Section 21: W/2NW/4
- Section 17: NW/4, N/2SW/4, SE/4SW/4, SW/4SE/4
- Section 17: SW/4SW/4
- Section 18: E/2SE/4
- Section 19: E/2NE/4, SW/4NE/4
- Section 20: W/2NW/4
- Section 18: Lots 5, 6, 7, 8, NE/4NW/4, NW/4NE/4, E/2NE/4
- Section 18: SW/4NE/4, W/2SE/4
- Section 19: NW/4NE/4
- Section 19: Lot 5
- Section 18: SE/4NW/4, E/2SW/4
- Section 19: NE/4NW/4
- Section 20: NE/4SE/4, SE/4SE/4
- Section 30: Lots 5, 6 and E/2NW/4
- Section 30: Lots 7, 8 and E/2SW/4
- Section 31: Lots 5, 6 and E/2NW/4

**TOWNSHIP 6 NORTH, RANGE 93 WEST, 6<sup>TH</sup> P.M.**

- Section 1: S/2
- Section 2: SE/4SE/4
- Section 3: SW/4NW/4, N/2SW/4
- Section 4: Lots 5 and 6, S/2NE/4, NE/4SE/4
- Section 4: S/2NW/4, SW/4, W/2SE/4
- Section 5: Lots 5 and 6, S/2NE/4, E/2SE/4
- Section 5: W/2SE/4, SE/4SW/4 and that portion of the NE/4SW/4 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said NE/4SW/4 and that portion of the SW/4SW/4 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said SW/4SW/4.
- Section 8: E/2NW/4

COPY



*P.T.D. DKD*

Section 7: SE/4NE/4 and that portion of the SW/4NE/4 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said SW/4NE/4 and that portion of the NE/4NE/4 lying south and east of a straight line running from the southwest corner to the northeast corner of said NE/4NE/4.

Section 7: SE/4SW/4, W2SE/4 and that portion of Lot 8 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said Lot 8 and that portion of the NE/4SW/4 lying south and east of a straight line running from the southwest corner to the northeast corner of said NE/4SW/4.

Section 17: E/2NE/4, SE/4, E/2SW/4

Section 17: W/2NE/4, NW/4

Section 18: E/2NE/4

Section 9: W/2

Section 10: W/2

Section 10: E/2

Section 12: S/2S/2

Section 13: N/2N/2

Section 24: NE/4, NE/4NW/4, S/2NW/4

Section 23: S/2S/2

Section 26: NW/4

Section 22: S/2NE/4, SE/4

Section 35: SW/4NE/4, NW/4SE/4, E/2NW/4

Section 25: NE/4

Section 14: SW/4NE/4, SE/4

Section 23: N/2NE/4

Section 24: NW/4NW/4

Section 14: E/2NW/4, SW/4NW/4, W/2SW/4, NE/4SW/4

Section 23: S/2N/2, N/2S/2

Section 22: NW/4SW/4, E/2SW/4

Section 27: NE/4NW/4, NE/4

Section 28: Lot 2

Section 29: Lot 3

Containing 11,330.085 acres, more or less, in Moffat County, Colorado

*P.T.D. DKD*

COPY

SURFACE USE AGREEMENT

Date: February 23, 2011

This Surface Use Agreement is between K Diamond Ranch, LLC, a Colorado Limited Liability Company, whose address is 531 County Road 174, Craig, CO 81625 and Quicksilver Resources Inc., whose address is 801 Cherry St., Suite 1700, Unit 19, Ft. Worth, TX 76102, and is intended to define the terms and conditions under which Operator or it's assigns may enter Surface Owner's Property, situated in Moffat County, State of Colorado, and described as follows:

*PTD. DKP*

"See Exhibit A"

11,330.085

Containing ~~1,220.145~~ acres more or less in Moffat County, Colorado

for the purpose of exercising Operator's rights, as working interest owner, pursuant to a lease or leases accessed from Surface Owner's Property.

1. REASONABLE ACCOMMODATION. This Agreement is entered into to assure that each party hereto accommodates the reasonable needs of the other. In furtherance thereof, Operator agrees, prior to entry upon Owner's Property to:

- a. provide a copy of any drilling permit related to Surface Owner's Property and issued by the Colorado Oil & Gas Conservation Commission [COGCC], including intended surface and bottom hole destinations;
- b. provide Owner with copies of the Leases that Operator intends to explore;
- c. provide a Plat prepared by a licensed surveyor that depicts the location of any proposed well bore or Owner's surface and that depicts boundaries of the well pad as well as roads to be used on Owner's surface whether new or existing; and
- d. meet and confer with Owner regarding a, b & c above and if, as necessary and reasonable, accommodate Owner's requests for changes in the location of the well pad and access roads.

The requirements of this Paragraph 1 shall apply to each and every drilling permit issued to Operator for a well located on Owner's surface estate.

2. AUTHORIZED OPERATIONS.

Subject to payment of the considerations outlined in Section 3 below, Surface Owner grants to Operator the right to enter Owner's surface estate as follows:

- a. Drill Pads. Operator and Operator's agents, employees, contractors and subcontractors may construct necessary well pad sites and use such well pad sites for drilling, completion, recompletion and reentry for as many exploratory wells and well bores, whether vertical or directional, as are allowed at such pad by the Colorado Oil & Gas Conservation Commission [COGCC].

The right granted Operator by this Section 2.a. includes the right to construct and use frac pits, tank batteries, water disposal pits, production equipment, compressors and other facilities necessary to produce oil and gas.

No well pad site authorized by this Section 2.a shall exceed four (4) acres unless Owner consents in writing to a larger site.

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- b. **Dry Hole.** In the event that an exploratory well described in Paragraph 1.a. is not a producing well, as that term is described in the leases, Operator shall, unless Operator has an additional permit at said location, plug and abandon the borehole and reclaim the surface estate, all within six (6) months after spudding the well.
- c. **Permanent Production Facilities.** In the event that an exploratory well described in Paragraph 1.a. is a producing well, as that term is described in the leases, Surface Owners grant to Operator the right to use and occupy as much of the surface as is reasonably necessary to maintain production facilities including, but not limited to, disposal wells, compressors, gas/water separators, dehydrators, storage tanks for water or hydrocarbons or both, meters, meter buildings, stockpiles or the like to enable Operator to operate and maintain such producing well; such well shall be considered governed by this agreement upon Operator notifying Surface Owners, in writing, that such well is producing, which notice shall be provided within thirty (30) days after a well is capped with a well head.

No permanent production facilities authorized by this Paragraph 2.c. shall exceed two (2) acres unless Surface Owner consents in writing to a larger site.

- d. **Roads.** Surface Owners grant to Operator the right to use, as a means of ingress and egress to and from its wells on the leases, existing access roads over the Property. Such roads shall be considered governed by this agreement upon Operator providing Surface Owners with a topographical map showing the location of the centerline of such roads. It is agreed that the right granted hereunder shall extend only to the lands lying 15 feet on either side of said centerline.

In the event that it is necessary, Surface Owners grant to Operator the right to construct and use, as a means of ingress and egress to and from its wells on the leases, access roads across the Property (upgrading an existing road shall be considered construction and shall be governed by this Paragraph); Operator, to the extent possible and reasonable, shall cooperate and coordinate with Surface Owners in establishing the locations of such roads; such roads shall be considered governed by this agreement upon Operator providing Surface Owners with a topographical map showing the approximate centerline of such roads. It is agreed that the right granted hereunder shall extend only to the lands lying fifteen (15') feet either side of said centerline.

- e. **Completion Pits & Disposal Wells.** This Agreement does not authorize Operator to construct completion pits or to drill and operate a salt water disposal (SWD) well on Surface Owner's Property. In the event that such pits or an SWD is required, Surface Owner and Operator shall supplement this Agreement with a Disposal Well Agreement that identifies the SWD, authorizes its construction and compensates Surface Owner for the market value of an SWD.
- f. **Pipeline/Utility Lines.** Surface Owners grant to Operator the right to construct and use gathering pipelines and other utility lines on the Property, solely for the purpose of gathering and transporting oil and gas produced from wells owned and operated by the Operator to a sales point that may or may not be located on the Property. To the extent reasonably possible, all authorized pipelines and utility lines shall be buried to a depth of thirty-six inches (36") below the surface and be contained in or confined to existing roadways, whether identified in Paragraphs c. or d. of this Section 1.

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3. COMPENSATION DUE SURFACE OWNER.

Operator shall pay to Surface Owner for entry upon Surface Owner's Property the consideration outlined in Addendum A attached hereto.

The compensation outlined above shall be for liquidated damages for the reasonable use of Surface Owner's Property.

Operator shall also be liable for any injury to persons, property, or livestock caused by or incident to the operations of Operator, its agents, employees, contractors, or subcontractors ("Operator Group") on the Property, or any extraordinary damages due to spills of materials, explosions, or any other harmful activity of Operator. Operator shall indemnify and hold harmless Owner from and against any and all past, present and future liability, damages, costs, expenses, fines, penalties and fees (including without limitations reasonable attorney and consultant fees) incurred by or asserted against Owner arising from or regarding or relating to the Operator Group's use of the Wells, Well Pad(s) or easements or any other rights granted by this Agreement. Such indemnification shall extend to and encompass, but shall not be limited to, all claims, demands, actions or other matters which arise under the common law or other laws designed to protect the environment and public health or welfare including, without limitation the following laws (as amended) and any regulation promulgated under their authority: Endangered Species Act of 1973 (16 U.S.C § 1531, et seq.); Clean Water Act (33 U.S.C § 1251, et seq.); Clean Air Act (42 U.S.C § 741, et seq.) National Environmental Policy Act (42 U.S.C § 4321, et seq.); Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C § 9601, et seq.); Solid Waste Disposal Act (42 U.S.C § 6901, et seq.); Toxic Substance Control Act (16 U.S.C § 2601, et seq.); Safe Drinking Water Act (42 U.S.C § 300f, et seq.); Occupational Safety and Health Act (29 U.S.C § 651, et seq.); and any applicable state or local statutes, regulations or ordinances. Operator shall, at Owner's option, defend Owner or reimburse Owner as expenses are incurred for Owner's defense against any claims, demands, actions or other matters, whether brought or asserted by federal, state or local governmental bodies of officials, or by private persons, which are asserted pursuant to or brought under any such laws. All of Operator's obligations stated in this subsection shall survive termination of this Agreement.

4. CONSULTATION WITH SURFACE OWNERS.

- a. No operation (other than routine operations on existing facilities), including drilling, reworking, road construction, seismic or geophysical shall be conducted on the Property without first advising Surface Owners. At such time as the location of and access to a drill site on the Property is being determined, Surface Owners have the right to be reasonably consulted as to its location and as to routes of access. No well shall be drilled within three-hundred (300) feet of any residence or existing water well or spring on the Property.
- b. Operator shall postpone the onset of operations due to temporary conditions such as heavy rainfall which would result in undue damage to the Property. This stipulation does not apply to routine maintenance of production facilities.
- c. Except in the event of a bona fide emergency or unless Surface Owners grant written permission, Operation shall cease all construction activities, road maintenance and drilling operations (other than routine maintenance of completed and operational wells) on Surface Owners' Property during big game hunting season (November 1st through January 31st) of each calendar year during the term hereof. Operator acknowledges that such cessation of activities is reasonable accommodation of vital commercial interests of Surface Owners.
- d. Operator shall advise Surface Owners, in writing, of the location of all wells drilled upon the Property, and shall- within thirty (30) days- advise Surface Owners of the completion and/or abandonment of each well.

COPY

**5. SPECIAL CONSIDERATIONS FOR SURFACE USE.**

- a. Operator shall be entitled to enter and use the Property solely for the purpose of exploration for and development of leased substances identified in any oil and gas lease covering the Property. This Agreement shall remain in effect for so long as Operator is engaged in operations that continue its oil and gas lease.
- b. Surface Owners reserve the right to use the Property for their own purposes. Operator, its assignees subcontractors and employees shall conduct their operations in a way which least reasonably interferes with the surface operations of Surface Owners and in a good and workmanlike manner and will not litter the Property with debris and will keep its work areas in a clean and sanitary condition. No unused equipment or supplies shall be stored on the Property by Operator. Equipment shall be deemed stored if it has no been utilized by Operator for its intended purpose for a period of ninety (90) days or more.
- c. To the extent possible, Operator shall confine its operations to existing ranch roads designated by Surface Owners. Operator shall not construct access roads on the Property without Surface Owners' prior written consent, which consent shall not be unreasonably withheld. Operator agrees that any road covered hereunder shall be constructed or upgraded and maintained as a gravel road to reasonable specification. Acceptable to Surface Owners. During the term of this Agreement, Operator agrees to maintain any such road and any appurtenances thereto, including culverts, cattle guards, fences, gates and the like.
- d. Operator agrees to fence, with metal stock panels, the entire site described in Paragraph 1.c. above. Including all equipment, all holes, depressions, excavations, sumps and, upon surrender of said premises, to dry out or drain all fluids from sumps and dispose of same. All drilling pits shall be adequately fenced with sheep-tight fencing.
- e. Operator shall not relocate, cut, lay down or remove any existing fences or water lines without the prior written consent of Surface Owners and shall repair to Surface Owners reasonable specifications all fences or water lines damaged by its operations. No repair shall be satisfactory until such fence or water line has been restored to full functional capacity.
- f. Operator shall be responsible to control noxious and undesirable weeds that are a direct result of operations by Operator at the Well Sites or along access roads utilized by Operator, and shall be responsible to contain and remediate any spill or release of hazardous or toxic materials caused by Operator's authority on the Property.
- g. Operator and Operator's agents and employees shall not hunt or carry or be in possession of firearms (except handguns utilized for personal security) while on the Property, nor shall Operator or Operator's agents and employees bring dogs on the Property. If there is reasonable proof of such violation, Operator shall pay Surface Owners the sum of Five Thousand Dollars (\$5,000.00) for each such violation.
- h. Operator shall bury any pipes or pipelines as described in Paragraph 1.f.
- i. All use by Operator of the Property shall be non-exclusive and Surface Owners reserve the right to fully utilize all roads and open space.
- J. After the completion of a well, Operator shall use its best efforts to keep Surface Owners apprised of the names and contact information for all persons who will, from time to time, enter the Property to operate or maintain any well or production facilities.

**COPY**

- k. All above-ground permanent structures on the Well Pad(s) and above-ground pipeline structures shall be painted with appropriate earth-tone colors to blend with the surrounding landscape, and, at the discretion of Operator, shall be screened with appropriate planting as described by the NRCS (National Resource Conservation Services) techniques guide. Operator shall use diligent efforts to minimize disturbances to existing trees and vegetation near the Well Pad.
1. Noise levels shall not exceed Colorado Oil and Gas Conservation Commission ("COGCC") regulations.
- m. All Drilling fluids and mud shall be handled in accordance with COGCC regulations. No fluids, mud, soil, or other substances created or derived from operations conducted off of the Property shall be deposited on the surface estate of the Property. Nothing in this section shall limit Operator's right to bring onto the property, use, and reuse frac and production water for additional drilling and completion operations.
- n. Any irrigation or tail water ditch or pipe located within the Well Pad shall be left intact or rerouted to a location approved by Owner so that the delivery of water on the Property is not disrupted. Operator shall be responsible for any repair and/or maintenance of any irrigation ditch or pipe located within the Well Pad.
- o. No debris, slash, or other materials shall be burned on the Property (except for the flaring of gas), not shall such materials be buried on the Property, without the written consent of Owner, which shall not be withheld.
- p. If required by COGCC, reserve or drilling pits used on the Property, if any, shall be plastic lined during drilling and completion operations. All plastic lining shall be removed during initial reclamation and not buried in place. Excavated material shall be replaced within thirty (30) days of finalization of completion operations at the associated Well Pad.
- q. Culverts shall be installed at ditch and drainage crossings when requested by Owner where road crosses 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 and diversion, curtailment, or blockage of water flows or contamination of water sources.
- r. 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 Road Easement in good order, at all times free from litter and debris.
- s. Operator shall be responsible for controlling all erosion of soils at any Well Pad and easement, and or areas adjacent to the Property that is caused by the activities of Operator or its employees, contractors, sub-contractors, or agents. Such erosion control shall include, without limitation, recontouring, reseeding and re-vegetating such lands and restoring any reservoirs or waterways to their previous quality and capacity. Operator's responsibility for erosion control pursuant to this Section 4 shall be ongoing and shall continue even after termination of Operator's use of a Well Pad or easement, until (i) such time as Owner provides Operator with a written release of Operator's further obligation to control erosion on the Property, or (ii) one year has passed since the last Well was plugged and abandoned or the termination of the easement, as the case may be.

COPY

BETWEEN: K Diamond Ranch, LLC, a Colorado Limited Liability Company and Quicksilver Resources Inc.

6. **OPERATOR'S DUTY TO RECLAIM.** As to any portions of the Property used by Operator, Operator shall have the affirmative duty to reclaim or restore the Property. Operator shall, as soon as is reasonable, but in no event later than six (6) months following completion or abandonment of its use of any portion of the Property, restore the surface as nearly as reasonably practicable to its original condition.

At a minimum, the following shall be done:

- a. When drill sites are being constructed all top soil shall be removed and stored and shall be respread upon reclamation of a site;
- b. All areas where further subsidence is possible must be filled and reasonably compacted;
- c. All disturbed areas must be filled, graded and contoured, following which the Operator must disk and seed with vegetation consistent with the vegetation that existed prior to operations, or as directed by Surface Owners.

Reclamation shall be satisfactory if completed in compliance with the rules and regulations of the Colorado Oil and Gas Commission.

Notwithstanding the foregoing, Operator shall inquire of Surface Owners whether roads constructed pursuant to Paragraph 1.e. above may remain unreclaimed. If Surface Owners elects to not reclaim any newly constructed roads, they shall provide written confirmation of such choice to Operator.

7. **WATER USE AND PROTECTION.**

- a. Operator agrees to comply with the applicable state and federal laws, regulations, and rules regarding the disposal of drilling fluids and salt water.

In order to conduct surface discharge of produced water, Operator shall obtain from the Colorado Department of Public Health & Environment, Water Quality Control Division a "Colorado Discharge Permit System" (herein "Discharge Permit"), and comply strictly with said permit in the discharge of produced water (herein Effluent).

Notwithstanding the Discharge Permit, and at a minimum, Effluent discharged on the Property shall be suitable for consumption by livestock and shall not cause damage to native soils or vegetation. If such Effluent does not meet these minimum requirements, Surface Owner shall be entitled to demand cessation of discharge on the Property. Operator shall be in compliance with Surface Owner's demands to not discharge such Effluent if the same can be re-injected or be retained in fenced (sheep-tight) evaporation ponds, to be located within the permitted area as described in either Paragraph 1.a. or 1.c. above, and not otherwise released or discharged on the Property.

In furtherance of monitoring Operator's compliance with the Discharge Permit, Surface Owner shall be provided with copies of all water sample reports submitted by Operator to the Water Quality Control Division.

Remedial work and compensation for any damages caused or associated with erosion from the discharged Effluent (whether on the Leased Property or downstream thereof), shall be the responsibility of Operator and shall be in addition to any compensation paid by Operator pursuant to this agreement. Construction of diversions, dams, culverts, pipelines, reservoirs, or injection wells to mitigate damage from erosion shall be at the sole expense of Operator. Operator shall consult with Surface Owner regarding such mitigation measures.

COPY

BETWEEN: K Diamond Ranch, LLC, a Colorado Limited Liability Company and Quicksilver Resources Inc.

- b. Operator shall not be entitled to adjudicate a water right on surface or ground water appurtenant to the property.
- c. Operator shall not use, pollute or damage, in any way, water from springs, reservoirs, wells or any other sources developed by, used by or appropriated by Surface Owners, and Operator shall, in addition to any compensation paid pursuant to this Agreement, be liable for any damage caused to such water as a direct result of Operators operations on the Leased Premises. Surface Owners are not agreeing to furnish any water to Operator for operations hereunder, and any use of Surface Owners' water shall be by separate agreement at prevailing market rates.
- d. Should ground water and/or an artesian well be encountered in drilling, Operator shall not abandon or plug such well without first notifying Surface Owners in writing. Upon receipt of such notice, Surface Owners shall have the option, without payment to Operator, to accept assignment of such well. Such option must be exercised by written notice from Surface Owners to Operator, which notice shall be transmitted to Operator no less than forty-eight (48) hours after Operator's notice to Surface Owners. Operator agrees, in the event Surface Owners so elect, to leave existing casing in the hole and Surface Owners shall reimburse Operator the salvage value of said casing less the cost of salvaging same. Surface Owners shall indemnify Operator and shall absolve Operator of all liability, including plugging liability, with the appropriate state agencies, for such takeover of operations, and shall file all proper and required permits and bonds.

3. MISCELLANEOUS.

- a. Operator shall indemnify and hold Surface Owners harmless from any loss, cost, damage, expense or liability by reason of property damage or personal injury of whatsoever nature or kind arising out of, as is result of, or in connection with the Operator's operations occasioned, in whole or in part by the acts of omissions of the Operator, its employees, agents or subcontractors. This indemnification is made expressly applicable to any loss, cost, damage, expense or liability that results from environmental hazards including use, storage, release or disposal of hazardous materials.
- b. Operator shall pay any and all additional taxes which may be levied against Property due to Operator's specific operations and/or improvements constructed by Operator upon the Property.
- c. In the event of whole or partial failure of Surface Owners' title, Surface Owners shall not be liable for any damages caused thereby to Operator, Operator having relied upon its determination of title prior to the execution of this Agreement by Surface Owners. Further, Surface Owners shall not be required to return any monies previously paid by Operator predicated upon errors made by Operator in determining Surface Owners' title.
- d. Operator may utilize third party contractors to perform operations permitted under this Agreement. Nevertheless, Operator will be fully and solely responsible to Surface Owners for damages and the indemnity as herein stated. After completion of a well, Operator shall use its best efforts to keep Surface Owners apprised of the name and contact information for all persons who will, from time to time, enter the Property to operate or maintain any well or production facilities.

COPY

BETWEEN: K Diamond Ranch, LLC, a Colorado Limited Liability Company and Quicksilver Resources Inc.

- e. Operator shall, at its sole cost, keep the Property free and clear of liens and encumbrances resulting from Operator's activities hereunder.
- f. The parties agree that this Surface Use Agreement shall not be recorded in the real estate records. However, Surface Owners agree, upon the request of Operator, to execute a Memorandum of this Surface Use Agreement suitable for recording.
- g. No part of this Agreement shall be construed to relieve Operator from any or all of Colorado Oil and Gas Conservation Commission regulations, present and future.

9. **BREACH.** In the event Surface Owner considers that Operator has failed to comply with any obligation hereunder, express or implied, Surface Owner shall notify Operator in writing specifying in what respect Surface Owner claims that Operator has breached this Agreement. Operator shall then have sixty (60) days after receipt of said notice within which to remedy, or commence to remedy, all or any part of the breaches alleged by Surface Owner. The service of said notice shall be a condition precedent to the bringing of any action by Surface Owner on said Agreement for any cause, and no action for damages shall be brought until the lapse of sixty (60) days after service of such notice on Operator. Neither the service of said notice nor the doing of any acts by Operator aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that the Operator has failed to perform all its obligations hereunder. Should Operator refuse or otherwise fail to remedy such breach, Surface Owner shall be entitled to any remedy authorized by law, including, if appropriate, specific performance, rescission, forfeiture or damages. The prevailing party in any litigation shall be entitled to recover all costs and expenses of litigation, including reasonable attorney fees, incurred by such party in the enforcement of any portion of this Agreement. The parties agree that any and all suits for any and every breach of this Agreement shall be instituted only in the courts of the State of Colorado, located in the County of Moffat, and it is mutually understood and agreed that this agreement shall be governed by the laws of the State of Colorado, both as to interpretation and performance. Any payment due hereunder that is not paid when due shall bear interest at the rate of twelve (12%) percent per annum.

10. **BINDING EFFECT.** Operator may assign this Agreement to a reputable Operator. Operator will only be released from its obligations hereunder if Surface Owners consent to such assignment, which shall not be unreasonably withheld. This Agreement shall be binding upon the heirs, personal representatives, successors and assigns of the parties hereto, and by taking an assignment of this Agreement, the assignee assumes all of the duties and responsibilities of the Operator. This Agreement shall be binding upon the heirs, personal representatives, successors and assigns of the parties hereto, and by taking an assignment of this Agreement, the assignee assumes all of the duties and responsibilities of the operator.

COPY

IN WITNESS WHEREOF, the parties hereto have hereunto hereby agree the effective date of Agreement shall be

SURFACE OWNER:

OPERATOR:

K Diamond Ranch, LLC, a Colorado Limited Liability Company

Quicksilver Resources Inc.

By: Richard T. Deakins Manager

Richard T. Deakins, Manager

By: \_\_\_\_\_

Kathleen A. Boone, Attorney-In-Fact

By: Donna K. Deakins Manager

Donna K. Deakins, Manager

STATE OF COLORADO

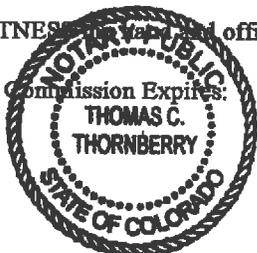
COUNTY OF MOFFAT

The foregoing Surface Use Agreement was acknowledged before me this 14 day of March, 2011,

By Richard T. Deakins and Donna K. Deakins, Managers of K Diamond Ranch, LLC, a Colorado Limited Liability Company, on behalf of the company.

WITNESS my hand and official seal.

My Commission Expires:



My Commission Expires 05/13/2011

Thomas Thornberry  
Notary Public

STATE OF TEXAS

COUNTY OF TARRANT

The foregoing Surface Use Agreement was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2011,

By Kathleen A. Boone, as Attorney-In-Fact, on behalf of Quicksilver Resources Inc.

WITNESS my hand and official seal.

My Commission Expires:

\_\_\_\_\_  
Notary Public

COPY

ADDENDUM "A"  
TO  
SURFACE USE AGREEMENT

Date: February 23, 2011

PARTIES:

Quicksilver Resources Inc., as Operator

K Diamond Ranch, LLC, a Colorado Limited Liability Company, as Surface Owner

"See Exhibit A"

Operator and/or its assigns will pay Surface Owner as follows:

Drilling Pad. \$2,500.00 per acre for the surface occupied by the initial drilling pad, which price shall include the initial exploratory well bore for either a vertical or horizontal well.

Additional Exploration Holes. \$500.00 per acre for any expanded area of the drill pad necessary to accommodate additional exploratory well bores at such well pad

Production Facilities. \$750.00 per acre per annum for any unreclaimed well pad commencing from the date well is completed or abandoned on said pad and continuing until the entire site is reclaimed.

Road Construction. \$5.00 per rod of actual length of the centerline of the roads constructed by Operator and that traverse Surface Owner's Property.

Annual Road & Pipeline Use \$3.00 per rod per annum of the actual length of the center for the use of road: and pipelines actually in use on Surface Owner's Property for the preceding year which shall be payable annually on the anniversary of this Surface Use Agreement.

Pipeline Construction. \$10.00 per rod of the actual length of the centerline of pipelines constructed b) Operator and that traverse Surface Owner's Property.

Cost of Living. On the third anniversary date of this Agreement and on each third anniversary date thereafter, the foregoing fee: and annual fees shall be adjusted, such adjusted fee to be changed to an amount that bears the same relationship to the fees and annual fees provided for above which the Consumer Price Index for the month in which the anniversary date falls bears to the Index for the month in which the effective date of this Agreement falls; provided however, that the fees and annual fees shall never be less than those provided above. The Consumer Price Index to be used is the Consumer Price Index - All Urban Consumers, National Area, published monthly by the United States Department of Labor, in which 1982-84 equal 100. If said Consumer Price Index is no longer published at the adjustment date, it shall be constructed by conversion tables included in a new Index. Should said conversion tables be unavailable, the Consumer Price Index will be used as long as it is published, and, in that event, then a new Index will be used from that time, and the two combined to determine the adjustment. The parties, understand and agree that the necessary information for making the adjustment may not be available when a particular payment is due; under such circumstances the regular payment otherwise called for hereunder shall be made, and any adjusted amount shall be tendered within thirty (30) days after the information is available. It shall be Operator's obligation to obtain, apply and tender the Consumer Price Index adjustment to Surface Owner.

SURFACE OWNER:

K Diamond Ranch, LLC, a Colorado Limited Liability Company



Richard T. Deakins, Manager

OPERATOR:

Quicksilver Resources Inc.

\_\_\_\_\_  
Kathleen A. Boone, Attorney-In-Fact



Donna K. Deakins, Manager

COPY

## Exhibit A

Exhibit attached to and made a part of that certain Surface Use Agreement dated February 23, 2011, by and between, K Diamond Ranch, LLC, a Colorado Limited Liability Company, as Lessor, and Quicksilver Resources Inc., as Lessee.

### TOWNSHIP 6 NORTH, RANGE 92 WEST, 6<sup>TH</sup> P.M.

Section 3: W/2SW/4  
Section 10: W/2NW/4  
Section 5: NW/4SW/4, S/2S/2  
Section 5: Lots 6 and 7, SW/4NE/4, SE/4NW/4, NE/4SW/4, NW/4SE/4  
Section 6: Lots 10, 11, 12, 13 and SE/4NW/4  
Section 6: SE/4, E/2SW/4  
Section 6: Lot 14  
Section 7: Lots 5, 6, 7, 8, E/2NW/4, NE/4SW/4  
Section 7: S/2NE/4, SE/4  
Section 8: NW/4SW/4  
Section 8: NE/4SE/4  
Section 8: W/2SE/4, SE/4SE/4  
Section 9: W/2SW/4  
Section 17: NE/4NE/4, S/2NE/4, N/2SE/4  
Section 17: NW/4NE/4  
Section 9: W/2E/2, SE/4NE/4, NE/4SE/4, E/2SW/4  
Section 15: NW/4SW/4  
Section 15: SW/4SW/4  
Section 21: NE/4NE/4, S/2NE/4, NW/4SE/4, S/2SE/4  
Section 22: NW/4NW/4  
Section 21: S/2SE/4SW/4, N/2SE/4SW/4, N/2NE/4SW/4  
SW/4SW/4, S/2NE/4SW/4, S/2NW/4SW/4  
N/2NW/4SW/4  
Section 17: SE/4SE/4  
Section 20: E/2NW/4, S/2NE/4, NE/4NE/4  
Section 21: W/2NW/4  
Section 17: NW/4, N/2SW/4, SE/4SW/4, SW/4SE/4  
Section 17: SW/4SW/4  
Section 18: E/2SE/4  
Section 19: E/2NE/4, SW/4NE/4  
Section 20: W/2NW/4  
Section 18: Lots 5, 6, 7, 8, NE/4NW/4, NW/4NE/4, E/2NE/4  
Section 18: SW/4NE/4, W/2SE/4  
Section 19: NW/4NE/4  
Section 19: Lot 5  
Section 18: SE/4NW/4, E/2SW/4  
Section 19: NE/4NW/4  
Section 20: NE/4SE/4, SE/4SE/4  
Section 30: Lots 5, 6 and E/2NW/4  
Section 30: Lots 7, 8 and E/2SW/4  
Section 31: Lots 5, 6 and E/2NW/4

### TOWNSHIP 6 NORTH, RANGE 93 WEST, 6<sup>TH</sup> P.M.

Section 1: S/2  
Section 2: SE/4SE/4  
Section 3: SW/4NW/4, N/2SW/4  
Section 4: Lots 5 and 6, S/2NE/4, NE/4SE/4  
Section 4: S/2NW/4, SW/4, W/2SE/4  
Section 5: Lots 5 and 6, S/2NE/4, E/2SE/4  
Section 5: W/2SE/4, SE/4SW/4 and that portion of the NE/4SW/4 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said NE/4SW/4 and that portion of the SW/4SW/4 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said SW/4SW/4.  
Section 8: E/2NW/4

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- Section 7: SE/4NE/4 and that portion of the SW/4NE/4 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said SW/4NE/4 and that portion of the NE/4NE/4 lying south and east of a straight line running from the southwest corner to the northeast corner of said NE/4NE/4.
- Section 7: SE/4SW/4, W2SE/4 and that portion of Lot 8 lying south and east of a straight line running diagonally from the southwest corner to the northeast corner of said Lot 8 and that portion of the NE/4SW/4 lying south and east of a straight line running from the southwest corner to the northeast corner of said NE/4SW/4.
- Section 17: E/2NE/4, SE/4, E/2SW/4
- Section 17: W/2NE/4, NW/4
- Section 18: E/2NE/4
- Section 9: W/2
- Section 10: W/2
- Section 10: E/2
- Section 12: S/2S/2
- Section 13: N/2N/2
- Section 24: NE/4, NE/4NW/4, S/2NW/4
- Section 23: S/2S/2
- Section 26: NW/4
- Section 22: S/2NE/4, SE/4
- Section 35: SW/4NE/4, NW/4SE/4, E/2NW/4
- Section 25: NE/4
- Section 14: SW/4NE/4, SE/4
- Section 23: N/2NE/4
- Section 24: NW/4NW/4
- Section 14: E/2NW/4, SW/4NW/4, W/2SW/4, NE/4SW/4
- Section 23: S/2N/2, N/2S/2
- Section 22: NW/4SW/4, E/2SW/4
- Section 27: NE/4NW/4, NE/4
- Section 28: Lot 2
- Section 29: Lot 3

Containing 11,330.085 acres, more or less, in Moffat County, Colorado

R.T.D. DKP

COPY