

PRODUCERS 88-PAID UP
Rocky Mtn

OIL AND GAS LEASE

THIS LEASE AGREEMENT is made and entered into this 12th day of November, 2010, by and between Watkins Rmd Associates II, LLP, whose address is 7400 East Crestline Circle, Suite 150, Greenwood Village, CO 80111 hereinafter called Lessor and Anadarko E&P Company LP, whose address is 1099 18th Street, Suite 1800, Denver, CO 80202, hereinafter called Lessee:

WITNESSETH: that lessor, for and in consideration of Ten and 00/100 DOLLARS (\$10.00) in hand paid, receipt of which is hereby acknowledged, and of the agreements of lessee hereinafter set forth, hereby grants, demises, leases and lets exclusively unto said lessee the lands hereinafter described, together with any reversionary rights therein, for the purpose of prospecting, exploring by geophysical and other methods, drilling, mining, operating for and producing oil or gas, or both, including, but not as a limitation, casinghead gas, casinghead gasoline, gas-condensate (distillate), coal-bed methane gas and any substance, whether similar or dissimilar, produced in a gaseous state, together with the right to construct and maintain pipe lines, telephone and electric lines, tanks, powers, ponds, roadways, plants, equipment, and structures thereon to produce, save and take care of said oil and gas, and the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or jointly with neighboring land, for the production, saving and taking care of oil and gas, including the dewatering of coal-bed gas wells and the injection of air, gas, water, brine, and other fluids into the subsurface strata, said lands being situated in Arapahoe County, Colorado , described as follows, to-wit:

See Attached Exhibit "A" for a description of the leased premises

See Attached Exhibit "B" Surface Use Agreement

and containing for all purposes of this lease, said lands shall be deemed to contain 10.07 gross acres, more or less, together with all strips or parcels of land. In addition to the above-described lands, this lease also covers any lakes, streams, rivers, roads, easements and rights-of-way which traverse or adjoin said lands, including any accretions, and any strips or parcels of land now or hereafter owned by Lessor which are contiguous or adjacent to the lands described herein, including without limitation, all strips or parcels resulting from changes in the boundaries or center line of any lake, stream or river, and all riparian lands adjacent thereto. In consideration of the cash bonus paid to Lessor by Lessee for execution of this lease, Lessor agrees to execute, at Lessee's request, any additional or supplemental instruments for a more complete or accurate description of the land so covered.

Subject to the other provisions herein contained, this lease shall remain in force for a term of FOUR (4) years from (herein called "primary term") and as long thereafter as oil and gas, or either of them, is produced in paying quantities from the above described land or drilling operations are continuously prosecuted as hereinafter provided. "Drilling operations" includes operations for the drilling of a new well, the reworking, deepening or plugging back of a well or hole or other operations conducted in an effort to obtain or re-establish production of oil or gas, including the dewatering of coal-bed gas wells. Drilling operations shall be considered to be "continuously prosecuted" if not more than 90 days shall elapse between the completion or abandonment of one well or hole and the commencement of drilling operations on another well or hole. If, at the expiration of the primary term of this lease, oil or gas is not being produced in paying quantities from the above described land but lease is then engaged in drilling operations, this lease shall continue in force so long as drilling operations are continuously prosecuted, and if production of oil or gas results in paying quantities from any such drilling operations, this lease shall continue in force so long as oil or gas shall be produced in paying quantities. If, after the expiration of the primary term of this lease, production from the above described land should cease, this lease shall not terminate if lessee is then prosecuting drilling operations, or within 90 days after each such cessation of production commences drilling operations, and this lease shall remain in force so long as such operations are continuously prosecuted, and if production in paying quantities results therefrom, then as long thereafter as oil or gas is produced in paying quantities from the above described land. The phrase "in paying quantities", as used herein, shall mean that the production from a well generates sufficient revenue, averaged over a six-month period, to pay for the monthly costs of operation of said well, but not for any capital expenditures relating thereto.

In consideration of the premises, it is hereby mutually agreed as follows:

1. Lessee shall deliver, free of cost, to lessor at the wells, or to the credit of lessor in the pipeline to which the wells may be connected, the equal part of all oil and other liquid hydrocarbons produced and saved from the leased premises, or, at lessee's option, pay to lessor for such royalty the market price at the well for such oil and other liquid hydrocarbons of like grade and gravity prevailing on the day such oil and other liquid hydrocarbons are run from the lease stock tanks.
2. On gas, gas condensate, gas distillate, casinghead gas and all other gases, including their constituent parts, produced from said land and sold or produced from said land and used off the leased premises or in the manufacture of gasoline or other products, lessee shall pay to lessor a sum equal to 1/5th of the net proceeds received from the sale of such produced substance to an unaffiliated party where the same is sold at the mouth of the well or, if not sold at the mouth of the well, then 1/5th of the market value thereof at the mouth of the well, but in no event more than 1/5th of the actual amount received by lessee for the sale thereof to an unaffiliated party. Without limiting the foregoing, it is expressly agreed that Lessee shall at all times have the right to deduct from Lessor's royalty on any gas produced hereunder the royalty share of all applicable production, severance, and other production-related taxes, but such deductions shall not include any state, federal or local sales or income taxes unless obligated by the applicable governmental agencies. Payment or tender of royalty or other payments due to Lessor under this lease may be made by U.S. mail or in person.
3. If a well capable of producing gas or gas and gas condensate in paying quantities located on the leased premises (or on acreage pooled or consolidated with all or a portion of the leased premises into a unit for the drilling or operation of such well) is at any time shut-in and no gas or gas condensate therefrom is sold or used off the premises or for the manufacture of gasoline or other products, such shut-in well shall be deemed to be a well on the leased premises producing gas in paying quantities and this lease shall continue in force during all of the time or times while such well is so shut-in, whether before or after the expiration of the primary term hereof. Lessee shall use reasonable diligence to market gas or gas and gas condensate capable of being produced from such shut-in well but shall be under no obligation to market such products under terms, conditions or circumstances which, in lessee's judgment exercised in good faith, are unsatisfactory. Lessee shall be obligated to pay or tender to lessor on or before the anniversary date of this lease next ensuing after the expiration of ninety (90) days from the date such well is shut-in and thereafter on or before the succeeding anniversary dates of this lease during the period or periods such well is shut-in, as royalty, the sum of One dollar per net mineral acre (\$ 1.00); provided that, if gas or gas condensate from such well is sold or used as aforesaid prior to any such anniversary date of this lease, or if at any such anniversary date, this lease is being maintained in force and effect otherwise than by reason of such shut-in well, lessee shall not be obligated to pay or tender, on or before that particular anniversary date, said sum of money. Such payment shall be deemed a royalty under all provisions of this lease. Such payment may be made or tendered direct to lessor at the address shown above or at the last known address as shown by lessee's records. All payments or tenders may be made by cash, check or draft, mailed or delivered on or before the payment date, and the depositing of such cash, check or draft in any post office, addressed to the lessor on or before the payment date, shall be deemed payment or tender as herein provided. Notwithstanding the death of lessor, payment or tender of shut-in royalty to such deceased or to his credit in the manner provided herein shall be binding on the heirs, devisees, executors, administrators and personal representatives of lessor and his successors in interest. Royalty ownership as of the date of payment as shown by lessee's records shall govern the determination of the party or parties entitled to receive such payment. In consideration of the obligation so to pay, it shall within the meaning of all terms of this lease, including the Habendum clause, be conclusively deemed that gas is being produced from the premises during the time such gas or gas condensate is not sold or used. Notwithstanding any provision to the contrary herein, it is expressly agreed that the foregoing shut-in royalty obligation shall be in effect both during and after the primary term. A well in which coal-bed gas dewatering operations are being conducted shall be deemed a shut-in well under the terms of this paragraph.
4. THIS IS A PAID-UP LEASE. In consideration of the down payment, lessor agrees that lessee shall not be obligated to commence or continue any drilling operations during the primary term hereof or to make any rental payments during such primary term.
5. Should lessor hereafter acquire any additional right, title or interest in and to the said land, it shall be subject to the provisions hereof to the same extent as if owned by lessor at the date hereof.
6. If lessor owns a less interest in the land covered by this lease than the entire undivided fee simple mineral estate therein, then whether or not such less interest is referred to or described herein, all shut-in royalties and royalties herein provided shall be paid lessor only in the proportion which his interest bears to the whole and undivided mineral fee. However, any such shut-in royalty shall be increased at the next succeeding anniversary date after any reversion occurs to cover the interest so acquired provided that notice of said reversion is provided to lessee under the terms of this lease.
7. If the estate of either party hereto is assigned or sublet, and the privilege of assigning or subletting in whole or in part is expressly allowed, the express and implied covenants hereof shall extend to the sub lessees, successors and assigns of the parties; and in the event of an assignment or subletting by lessee, lessee shall be relieved and discharged as to the leasehold rights so assigned or sublet from any liability to lessor thereafter accruing upon any of the covenants or conditions of this lease, either express or implied. No change in the ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee or require separate measuring or installation of separate tanks by lessee. Notwithstanding any actual or constructive knowledge of or notice to lessee, no change in the ownership of said land or of the right to receive shut-in royalties or other royalties hereunder, or of any interest therein, whether by reason of death, conveyance or any other matter, shall be binding on lessee (except at lessee's option in any particular case) until 90 days after lessee has been furnished written notice thereof, and the supporting information hereinafter referred to, by the party claiming as a result of such change in ownership or interest. Such notice shall be supported by original or certified copies of all documents and other instruments or proceedings necessary in lessee's opinion to establish the ownership of the claiming party. If at any time there be as many as six parties (or more) entitled to receive royalties under this lease, lessee may withhold payment thereof unless and until all parties designate in writing in a recordable instrument to be filed with the lessee, the trustee or agent to receive all royalty payment due hereunder and to execute division and transfer orders on behalf of said parties and their respective successors in title. Any assignment by Lessee other than to Lessee's client, affiliates, subsidiaries or principles, shall require Lessor's written consent which consent shall not be unreasonably withheld. Any such assignment shall not relieve Lessee of any liability or obligation which exists or has accrued as of the date of the assignment.
7. Lessee may, at any time, execute and deliver to lessor or place of record a release covering all or any part of the acreage embraced in the leased premises or covering any one or more zones, formations or depths underlying all or any part of such acreage, and thereupon shall be relieved of all obligations thereafter to accrue with respect to the acreage, zones, formations or depths covered by such

CO-S00053967

release. In the event of a release of this lease as to all rights in only a part of the acreage embraced in the leased premises, thereafter the shut-in royalties hereinabove provided for shall be reduced proportionately on an acreage basis.

8. Lessee is granted the right, from time to time while this lease is in force, whether before or after the commencement of drilling operations, to pool into a separate operating unit or units, all or any part of the land covered by this lease with other land, lease or leases, or interests therein (whether such other interests are pooled by a voluntary agreement on the part of the owners thereof or by the exercise of a right to pool by the lessees thereof), when in Lessee's judgment it is necessary or advisable in order to promote conservation, to properly develop or operate the land and interests to be pooled, or to obtain a multiple production allowable from any governmental agency having control over such matters. Any pooling hereunder may cover all oil and gas, or any one or more of the substances covered by this lease, and may cover one or more or all zones or formations underlying all or any portion or portions of the leased premises. Any unit formed by such pooling shall be of abutting or cornering tracts and shall not exceed 640 acres (plus a tolerance of 10%) for gas or gas condensate and shall not exceed 40 acres (plus a tolerance of 10%) for any other substance covered by this lease provided a unit for a horizontal completion shall not exceed 640 acres plus a tolerance of 10%; provided that a larger unit may be formed for an oil well, a gas well or horizontal completion to conform to any well spacing or density pattern that may be prescribed or permitted by any governmental authority having jurisdiction; provided that if any governmental regulation or order shall prescribe a spacing pattern for the development of a field wherein the above described land, or a portion thereof, is located, or allocate a producing allowable based on acreage per well, then any such unit may embrace as much additional acreage as may be so prescribed or as may be permitted in such allocation of allowable. The area pooled and the zones or formations and substances pooled shall be set forth by Lessee in a "declaration of pooling" filed for record in the county or counties in which the pooled area is located. Such pooling shall be effective on the date such declaration is filed unless an earlier or later effective date is specified in such declaration. In lieu of the royalties elsewhere herein specified, except shut-in gas well royalties, Lessor shall receive on production from an area so pooled only such portion of the royalties which, in the absence of such pooling, would be payable hereunder to Lessor on production from the land covered by this lease which is placed in the pooled area as the amount of the surface acreage in the land covered by this lease which is placed in the pooled area bears to the amount of the surface acreage of the entire pooled area. Nothing herein contained shall authorize or affect any transfer of any title to any leasehold, royalty or other interest pooled pursuant hereto. The commencement of a well, the conduct of other drilling operations, the completion of a well or of a dry hole, or the operation of a producing well on the pooled area, shall be considered for all purposes (except for royalty purposes) the same as if said well were located on, or such drilling operations were conducted upon, the lands covered by this lease whether or not such well is located upon, or such drilling operations are conducted upon, said lands. Lessee shall also have the right, but not the obligation, from time to time, while this lease is in force, to modify or terminate any prior declaration of pooling by either increasing or decreasing the size of the pooled unit, such right to be exercised by the recording of an instrument evidencing such modification or termination; provided, however, that this right may be exercised only to the extent that such modification or termination will result in pooled units of a size equal to any spacing pattern established by governmental regulation or order for the lands involved. Notwithstanding the limitations on termination of pooled units contained in the preceding sentence, Lessee may also terminate any pooling effected pursuant hereto at any time the pooled unit is not producing and no drilling operations are being conducted thereon by executing and filing of record in the county or counties in which the pooled area is located a written declaration of the termination of such pooling, provided that the pooling of all interests not covered by this lease which comprise a part of such pooled unit be also terminated in some effective manner.

9. In addition to and not in limitation of the rights granted in paragraph 9 hereof, Lessee shall have the right to utilize, pool or combine all or any part of the above-described lands or other lands in the same general area, including the commitment of all or any portion of said lands to a federal unit by executing a Ratification and Joinder to such a unit, or by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such federal unit, plan or agreement and, in such event, the terms, conditions and provisions of this lease shall be deemed modified to conform to the terms, conditions and provisions of such approved federal unit, cooperative or unit plan of development or operation and, particularly, all drilling and development requirements of this lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such federal unit, plan or agreement, and this lease shall not terminate or expire during the life of such federal unit, plan or agreement. In the event that said lands or any part thereof shall hereafter be operated under any such federal unit, cooperative or unit plan of development or operation whereby the production thereof is allocated to different portions of the land covered by said federal unit or cooperative unit plan, then the production allocated to any particular tract of land shall, for the purpose of computing the royalties to be paid hereunder to Lessor, be regarded as having been produced from a particular tract of land to which it is allocated and not to any other tract of land; and the royalty payments to be made hereunder to Lessor shall be based upon production only as so allocated. Lessor shall formally express Lessor's consent to any federal unit, cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing a Ratification and Joinder to such federal unit, or by executing the cooperative or unit plan upon request of Lessee, but such consent shall not be deemed necessary to bind the interest of Lessor to such federal unit or cooperative or unit plan of development or operation.

10. Subject to the restrictions set out herein, Lessee shall have the right to use, free of cost, oil and gas, but not water produced on said land for its operations. Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing. No part of the surface of the leased premises shall, without the written consent of Lessee, be let, granted or licensed by Lessor to any other party for the location, construction or maintenance of structures, tanks, pits, reservoirs, equipment, or machinery to be used for the purpose of exploring, developing or operating adjacent lands for oil, gas or other minerals. In addition, and not by way of limitation, Lessee shall have the right for one year after the expiration of the terms of this lease to enter the leased premises and remove any machinery or fixtures placed on the premises as well as the right to draw and remove casing during said period of time. Lessee may use, reinject or dispose of any water produced from the formation where oil and gas is also being produced as part of that production; provided, however, under no circumstances shall Lessee produce, use, or dispose of any water from any other formation. Any produced water or waste which is not reinjected into the producing formation shall be held in sealed containers or transported via flowlines, and shall be disposed of off of the Lands by Lessee. Lessee is responsible for obtaining any permits or other authorization related to production, use or reinjection of produced waters.

11. Lessee shall bury below plow depth its pipe lines on the leased premises when requested by a Lessor owning an interest in the surface. No well shall be drilled nearer than 200 feet to any house or barn now on said premises without the written consent of the owner of the surface on which such house or barn is located. Lessee shall pay for damages to growing crops caused by its operations on said lands.

12. Lessor hereby warrants and agrees that it has not transferred, leased or otherwise intentionally clouded the title of its mineral interest covered hereby. Lessee may purchase or lease the rights of any party claiming any interest in said land and exercise such rights as may be obtained thereby but Lessee shall not suffer any forfeiture nor incur any liability to Lessor by reason thereof. Lessee shall have the right at any time to pay for Lessor, any mortgage, taxes or other lien on said lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and any such payments made by Lessee for Lessor may be deducted from any amounts of money which may become due Lessor under this lease. Furthermore, if any claim is asserted or any action or proceeding instituted by Lessor, or any third party claiming title to the leased land or any part thereof or any interest therein or any production therefrom, adverse to Lessor or adverse to the rights claimed in good faith by Lessee under this lease, then during the pendency of such controversy and until 90 days after determination thereof, Lessee may defer or discontinue payment of any sums due hereunder and all operations on the leased land or, if it operates wells, it may deposit royalties accruing hereunder in respect to the production therefrom in any bank in the state in which the leased premises are located to abide the final determination of such controversy.

13. All express provisions and implied covenants of this lease shall be subject to all applicable laws, governmental orders, rules and regulations. This lease shall not be terminated in whole or in part, nor Lessee held liable in damages, because of a temporary cessation of production or of drilling operations due to breakdown of equipment or due to the repairing of a well or wells, or because of failure to comply with any of the express provisions or implied covenants of this lease if such failure, whether or not foreseeable, is the result of the exercise of governmental authority, war, armed hostilities, terrorism, lack of market, act of God, strikes, civil disturbance, fire, explosion, flood or any other cause reasonably beyond the control of Lessee.

14. It is agreed that this Lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its express or implied covenants, conditions or stipulations until Lessor shall have first provided Lessee with written notice of any breach of this Lease, and Lessee has failed to commence to correct such breach within 45 days for all matters relating to the payment of money, and within 90 days for all other breaches. However, should there be a good faith and bona fide dispute between Lessor and Lessee, it is agreed that this Lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its express or implied covenants, conditions or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final determination, Lessee is given a reasonable time therefrom (but in no event more than 90 days) to commence to comply with any such covenants, conditions or stipulations.

15. This lease and all provisions thereof shall be applicable to and binding upon the parties and their respective successors and assigns. Reference herein to Lessor and Lessee shall include reference to their respective successors and assigns. Should any one or more of the parties named above as Lessors not execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

16. The Lessors for themselves and their heirs, successors and assigns, hereby expressly release and waive any and all rights of homestead, dower, curtesy and augmented estate rights.

17. ADDITIONAL PROVISIONS: In the event of a conflict or inconsistency between the printed terms of the Lease and the terms of these Additional Provisions the Additional Provisions shall govern and control and shall be deemed to supersede the printed terms of the Lease.

a) At the expiration of the primary term hereof, this lease shall not terminate if Lessee is then engaged in the drilling or reworking of any well on the leased premises and does not allow more than 180 days to elapse between the completion or abandonment of one well on such land and the commencement of another well thereon until the leased premises have been "fully developed", as hereinafter defined. Operations for drilling or reworking of a well shall be deemed continuous if not more than 180 days lapse between the completion of drilling or reworking operations on one well on the leased premises or lands pooled therewith and the commencement of drilling or reworking operations on another well on the leased premises or lands pooled therewith. Should Lessee fail to timely commence drilling to reworking operation on a well in accordance with the aforesaid 180 day continuous drilling or development program prior to the point in time the leased premises have been fully developed or at such time as Lessee ceases drilling or reworking operations pursuant to such 180 day continuous drilling program, then this lease shall terminate as to all lands not included in or otherwise allocated to a well unit. For the purpose hereof, the term "well unit" shall mean the proration, drilling or spacing unit created for a well capable of producing oil and/or gas in paying quantities as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction, and the term "fully developed" shall mean the point in time when the entirety of the leased premises has been included in a well unit, or units as prescribed and permitted by the applicable rules and regulations of the governmental authority having jurisdiction. Completion as defined herein shall be the date on which the drilling rig is released from a wellsite. As to any lands or formations which have not been previously released under this paragraph, two years after the expiration of the primary term or, if applicable, the date Lessee ceases operations pursuant to the 180 day continuous drilling program provided for herein, whichever is later, Lessee shall release this lease as to all depths one hundred feet below the deepest formation drilled in each "well unit". Following the execution of the release, each such "well unit" shall be treated as a separate oil and gas lease.

b) Lessee shall provide Lessor with a copy of any title opinion which it receives that covers all or any part of the Lands.

c) Lessor shall have the right to review and audit Lessee's books and records upon reasonable advance written notice to Lessee in Lessee's corporate office to verify that all payments called for hereunder have been properly made, provided Lessor give notice before the end of any calendar year this lease is in effect in order to conduct a review for the preceding two calendar years.

d) Except as provided herein, it is agreed between Lessor and Lessee that, notwithstanding anything contained in this Lease to the contrary, all oil, gas or other proceeds owed to Lessor under the Lease or by state law shall be without any deduction, directly or indirectly, other than Lessor's share of all applicable production, severance and other production-related taxes, with the exception of federal, state

or local sales or income taxes. There shall be no deduction for the cost to place the product in marketable condition or to transport such product to the first point of sale including, without limitation, any cost of producing, gathering, storing, separating, treating, dehydrating, compressing, processing, and marketing the oil, gas and other products produced provided however that any other costs which enhance the value of the marketable oil, gas, or other products after they have been placed in a marketable condition and delivered to the first point of sale may be deducted from Lessor's share of production so long as they are based on Lessee's actual cost of such enhancement.

e) It is understood and agreed that the shut-in royalty provided in the Lease shall be \$10.00 per year per net mineral acre covered by the Lease and that the Lease may not be maintained in force for any single period of time longer than 24 consecutive months after the expiration of the primary term hereof solely by the provision of the shut-in royalty clause. The shut-in status of any well shall persist only so long as it is necessary to correct, through the exercise of good faith and due diligence, the condition giving rise to the shut-in of the well.

f) Lessee agrees to defend, indemnify and save and hold harmless Lessor, its members, managers, shareholders and partners, and their respective officers, directors, employees, agents, representatives, contractors and subcontractors, forever from and against all losses, costs, expenses, liabilities, obligations, damages, demands, suits, and fines and sanctions of every kind and character (including reasonable fees and expenses of attorneys, technical experts and expert witnesses reasonably incident to matters indemnified against), which arise from or in connection with (i) any activities, operations, acts or omissions of Lessee or its agents, representatives, contractors and subcontractors on the leased premises or on lands adjacent to the leased premises, including, without limitation, any spill, release or discharge of any substance (including any pollutant or hazardous or toxic substance) or any violation of any environmental or other laws, or (ii) the breach by Lessee of this Lease.

g) In the event of any conflict between this lease and the Surface Use Agreement, the provisions of the Surface Use Agreement shall control.

IN WITNESS WHEREOF, this lease is executed as of the day and year first above written.

Lessor

STATE of

Colorado

ACKNOWLEDGEMENT-INDIVIDUAL

COUNTY of

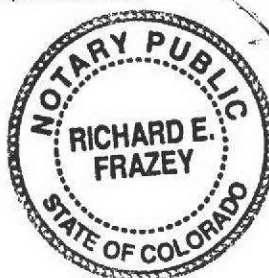
Denver

BEFORE ME, the undersigned, a Notary Public, in and for said County and State, on this 12th day of November, 2010, personally appeared Steven M. Cohen, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its Managing General Partner and acknowledged to me that he DULY executed same as free and voluntary act and deed for the uses and purposes therein set forth and in the capacity stated therein.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires:

8/1/2013



Notary Public:
Address:

Richard E. Frazey
45 Gigi Lane
Evergreen, CO 80439

Exhibit "A"

Attached and made a part of that certain Oil and Gas dated November 12, 2010, between Watkins Road Associates II, LLP as Lessor and Anadarko E&P Company LP as Lessee

Township 4 South, Range 64 West:
Section 30: All

Township 4 South, Range 65 West
Section 24: SE/4

Arapahoe County, Colorado

Exhibit "B"

SURFACE USE AND DAMAGE AGREEMENT

Attached and made a part of that certain Oil and Gas Lease dated November 12, 2010 between Watkins Road Associates II, LLP as Lessor and Anadarko E&P Company LP as Lessee

This Agreement is made and entered into effective this 12th day of November, 2010, by and between Watkins Road Associates II, LLP, as the owner of the surface of the lands described hereafter whose address is 7400 East Crestline Circle, Suite 150, Greenwood Village, CO 80111, hereinafter referred to as "Owner", and Anadarko E&P Company LP, whose address is 1099 18th Street, Suite 1800, Denver, CO 80202, hereinafter referred to as "Operator".

WITNESSETH:

WHEREAS, Owner owns the surface estate described on Exhibit "A" attached hereto (the "Lands") as well as the mineral estate under portions of the Lands; and

WHEREAS, Owner plans to develop the Lands to include in planned communities for residential, commercial, agricultural, industrial and other development; and

WHEREAS, Operator holds one or more valid oil and gas leases from Owner or from third parties covering all or portions of the Lands; and

WHEREAS, the parties wish to enter into an agreement concerning the use by Operator of portions of the Lands for the purposes of drilling, completing, and operating one or more oil and gas wells on the Lands consistent with Owner's ownership of the Lands for development.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Right of Use.** Owner hereby gives and grants to Operator, its agents, employees, drilling contractors, and related service companies, subject to the terms of this Agreement, the non-exclusive right to enter upon and use the Lands for the purpose of drilling, completing, and producing one or more oil and gas wells at legal locations or at such exception locations as are approved by the Colorado Oil & Gas Conservation Commission ("COGCC"), together with rights-of-way across the Lands and adjacent lands owned by Owner necessary to construct and maintain one or more access roads, well sites, tank batteries, and pipelines in connection with the oil or gas wells to be drilled by Operator upon the Lands in accordance with this Agreement. The rights of Operator to use the Lands as set forth herein are non-exclusive, and Owner reserves the right to use all access roads, and all surface and sub-surface uses of the Lands, and to grant successive easements on or across the Lands on such terms and conditions as Owner deems necessary or advisable, provided that Owner's use and all other uses authorized by Owner do not unreasonably interfere with the operations of Operator.

2. **Notification and Consultation**

(a) Prior to commencing any operations, initiating the drilling of any well or initiating the conduct of seismic activities on said Lands, Operator shall notify Owner prior to entry upon the Lands and shall consult with Owner and receive Owner's consent, which consent shall not be unreasonably withheld, as to the location of each well, road, pipeline, power line, tank battery, or other facility to be placed upon or under the Lands. Such agreed-upon locations shall be known as the "Oil and Gas Operations Areas". All of Operator's activities shall be restricted to the Oil and Gas Operations Areas and Owner shall not occupy any portion of the Oil and Gas Operations Areas for any purpose, it being specifically agreed that the Oil and Gas Operations Areas are for the exclusive use of Operator.

(b) Provided mutually acceptable alternate locations are agreed upon by Owner and Operator, Owner shall have the right to require Operator to relocate any roads, pipelines, power lines, or other surface or underground facilities (excluding any well) upon 90 days prior written notice to Operator in the event that such relocation is necessary to Owner's use of the Lands. All relocation expenses will be borne by Owner and Operator will not be required to move any of its facilities until provision has been made for the payment of such expenses to the reasonable satisfaction of Operator.

3. **Compensation.** As compensation for surface damages and as rental for use of Owner's surface estate, Operator shall pay to Owner the following:

(a) The sum of Three Thousand Dollars (\$3,000) per permanently disturbed acre for the drilling of any well or location of any facilities upon the Lands owned by Watkins Road Associates, II, LLP; Purview Associates, LLP; and Sun Empire IV, LLC, East Side Sunset, LLC and Bravada/Neher 160, LLC, and for the access road across the Lands to the well location, payable prior to commencement of surface disturbing activities.

(b) In the event that Operator desires to construct buried oil or gas pipelines, Operator shall pay Owner a one-time payment of Ten Dollars (\$10.00) per rod for such pipelines.

(c) Operator shall not use Owner's water for drilling or other purposes.

(d) For buried power lines and telecommunication lines, Operator shall pay Owner a one-time payment of Five Dollars (\$5.00) per rod, unless such power lines or telecommunication lines are installed at the same time and in the same ditch as the pipelines described herein, in which case there shall be no duplication of payment.

(e) On the fourth anniversary of this Agreement, and every five years thereafter, payments provided for in this Agreement shall be increased or decreased (but never below the amounts stated herein) by a percentage equal to the increase or decrease in the Consumer Price Index as published by the United States Department of Commerce for the preceding five-year period.

(f) The fees and compensation payable by Operator to owner for the installation and location and operation of any compressor on the Lands shall be negotiated in good faith by Owner and Operator under a separate agreement.

(g) Provided Owner is in compliance with this Agreement, Operator agrees that it will not object, oppose or seek to prevent Owner from (i) obtaining any required permits to develop the Lands for such residential, commercial, industrial and other uses of any kind as Owner determines from time to time, or (ii) so developing the Lands, subject to Operator's rights under this Agreement. Operator agrees to execute and deliver letters of support of and non-objection to such development by Owner as may be requested by Owner from time to time. Likewise, provided Operator is in compliance with this Agreement, Owner will not oppose any permit application Operator submits to the COGCC or any state or local entity having jurisdiction of some or all of Operator's activities hereunder or under the Oil and Gas Lease of even date so long as said application or permit is consistent with this Agreement.

4. **Road Construction and Use.** Any roads constructed or used by Operator on the Lands shall be constructed or used to the following specifications:

(a) To the maximum extent reasonably possible, Operator will use existing roads designated by Owner for its operations if such use is operationally and economically feasible in Operator's judgment reasonably exercised.

(b) The surface of all roadways shall be made of compacted gravel, shall not exceed 16 feet in width for traveled surface, and shall comply with all regulations or laws applicable to such roadways. Operator shall control dust from all roadways through the application of an appropriate dust suppressant. Any roads constructed by Operator shall be improved as may be

necessary and Owner and Operator agree that once surface development begins, the parties will consult with each other and agree on how the roads used in the operations of the oil and gas activities will be merged into the development roads.

(c) If requested by Owner, access to the Lands of Owner from any public road, or from the land of any adjoining Landowner, shall be controlled by a swinging metal gate in addition to a cattle guard.

(d) Culverts shall be placed in low areas for proper drainage.

(e) No off-road travel is permitted and particularly no off-road travel which has the effect of widening the road or area of damage.

(f) The use and construction of roads by Operator on the Lands is a non-exclusive use, and Owner may allow other parties to use said roads and make a charge therefor. However, Operator shall have the right to assess other non-agricultural users of the roads (except for Owner) for their share of maintenance work performed by Operator. Owner shall have no responsibility for road maintenance.

(g) Operator agrees, if requested by Owner, to place an appropriate sign or signs on any road designating them as "private roads" and to assist Owner in the control of the use of such roads by unauthorized users. The size and color of such signs shall be subject to Owner's approval.

(h) Owner may lock gates across its private roads, provided that Operator shall have the right to place its own locks on such gates.

(i) Operator shall maintain existing and newly constructed roads used by Operator to the extent necessary for Operator's needs and to the reasonable satisfaction of Owner, which maintenance may include shaling, ditching, graveling, blading, mowing grass to avoid fire danger, installing and cleaning cattle guards, and spraying for noxious weeds. This work shall be done at such reasonable times as Owner shall request.

(j) No roads on the Lands shall be used by Operator for access to lands not subject to the Lease without a separately negotiated agreement.

5. **Well Sites.** Well sites located on the Lands shall be limited to no more than ten (10) acres in size during drilling, completion, and reworking activities, and no more than four (4) acres permanently disturbed in size for producing well sites, including any tank batteries constructed by Operator. Operator agrees to fence the pits and other dangerous areas and at all times keep its well sites in good order and free of litter, debris, trash, or spilled hydrocarbons. In the event that Operator does not encounter commercial quantities of oil, gas, or other hydrocarbons at any well location and determines the location to be a "dry hole," Operator shall promptly fill in, smooth over, and clean up the well site and rights-of-way and shall restore and reseed the area with a seed mix reasonably approved by Owner after replacing topsoil. All cleanup and restoration activities shall be completed by Operator as soon as the reserve pit has been allowed to dry so that proper backfilling can be accomplished. If the reserve pit is not dry within six months of completion of drilling operations, it shall be pumped dry by Operator and the contents properly disposed of off the Land pursuant to applicable law. In the event that any well drilled upon the Lands is completed as a commercial producer of oil and/or gas, Operator shall promptly clean up the well site location and use only so much of the area as is reasonably necessary for its operations, and Operator shall restore such well location, reseeding the same with a seed mix specified by Owner, and Operator shall keep all well site locations neat, orderly, and clean at all times.

6. **Pipelines.** Any pipelines constructed by Operator on the Lands shall be constructed and maintained to the following specifications:

(a) The top of each pipeline shall be buried at least 48 inches below the surface of the ground and shall be constructed in such a manner to safely permit Owner to construct roads and utilities over such pipeline in such locations as may be designated by Owner.

(b) Operator shall be responsible for backfilling, repacking, reseeding, and recontouring the surface so as not to interfere with Owner's present or future agricultural operations and its present or planned future development or other use of the Lands. If pipeline trenches settle so as to interfere with Owner's irrigation or ranching activities, upon request by Owner, Operator shall fill in, repack, and level such trenches.

(c) Operator shall provide Owner with a plat showing the "as built" length and location of all pipelines promptly after their installation.

(d) Owner reserves the right to occupy, use, and cultivate the lands affected by such pipelines, and to grant such rights to others, so long as such use does not interfere with Operator's operations. No structures may be built by Owner within fifteen (15) feet of any pipeline.

(e) The pipelines referred to in this Agreement are limited to and include only those gathering system pipelines used in connection with wells drilled on the Lands.

(f) If Operator fails to use any pipeline for a period in excess of twenty-four (24) consecutive months, the pipeline shall be deemed abandoned and Operator shall promptly take all actions necessary or desirable to clean up and remove the pipeline, or render the pipeline environmentally safe and fit for abandonment in place, and restore the surface. All such cleanup and mitigation shall be performed in compliance with all applicable federal, state, and local laws and regulations.

7. **Power Lines.** Any buried or overhead power lines constructed on the Lands shall be constructed and maintained to the following specifications:

(a) Operator will consult with Owner and with the independent power company supplying power to Operator with respect to the location of overhead power lines prior to construction, and shall obtain Owner's written consent for such locations which consent shall not be unreasonably withheld. Overhead power lines will be constructed so as to cause the least interference reasonably possible with Owner's visual landscape and Owner's existing and planned future uses of the Lands, and, to the maximum extent reasonably possible, overhead power lines will be constructed along fence lines or property lines. All overhead power lines will be located in a manner to minimize or avoid interference with Owner's existing or future uses of the Lands. No overhead power line will be located where it will interfere with Owner's existing or planned future uses of the Lands planned by Owner at the time of construction of overhead power lines. Owner shall be entitled to receive payment from Operator's electricity provider for overhead power lines.

(b) Subject to compliance with any guidelines and policies of the power provider, within two months after a well has been placed on production, all power lines constructed by or for Operator downstream of the independent power company's meters shall be buried, and all power line trenches shall be fully reclaimed and reseeded to the reasonable satisfaction of Owner. Buried power lines shall be installed at least 48 inches below the surface of the ground, and shall be constructed in such a manner to safely permit Owner to construct roads and utilities over such power line in such locations as may be designated by Owner.

(c) Operator agrees that it will not construct overhead power lines that will interfere with irrigation in those portions of the Lands which are developed or are being irrigated or cultivated or which may, in the future, be developed or irrigated or cultivated or which are fallow as part of a crop rotation or management program.

8. **Operations.** Operator's operations on the Lands shall be conducted according to the following specifications:

(a) Operator shall at all times keep its well sites and road rights-of-way safe and in good order, free of noxious weeds, litter and debris, and shall spray for noxious weeds upon reasonable demand by Owner as required by the rules of the COGCC.

(b) Operator shall rehabilitate, restore, reclaim, and reseed all disturbed areas caused by Operator's operations within six (6) months after termination of construction activities on such sites, unless inclement weather prevents such rehabilitation and restoration within that time period or within such other time as provided in the then applicable rules of the COGCC.

(c) All cattle guards and fences installed by Operator shall be kept clean and in good repair and will become the property of Owner when Operator ceases ownership of its oil and gas lease covering that portion of the Lands.

(d) Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Lands. Any spill of oil, grease, solvents, chemicals, or hazardous substances on the Lands which are reportable to regulatory authorities under applicable law or regulations shall be immediately (within 24 hours) reported to Owner by telephone, fax, or e-mail, to be followed by copies of written notices which Operator has filed with regulatory authorities within five (5) business days after such filing.

(e) Operator shall remove only the minimum amount of vegetation necessary for the construction of roads, well locations, and other facilities. Topsoil shall be conserved during excavation, stockpiled and reused as cover on disturbed areas to facilitate regrowth of vegetation.

(f) Operator shall use reasonable efforts to assure that construction or routine maintenance activities will not be performed during periods when the soil is too wet to adequately support construction equipment. Once a well is completed, Operator shall also access the Lands with heavy trucks and tankers as may be necessary for the efficient operation of the Lease taking into account the levels of production from wells drilled on the Lease; it being understood that access will be more frequent earlier in the production process. Once development of the surface has started, Owner and Operator will consult with one another to determine if changes need to be made with respect to heavy truck and tanker access taking into account then current and anticipated levels of production from the Lease and the safe and efficient use of the surface development.

(g) All surface facilities not subject to safety requirements shall be painted Operator's colors, which shall blend with the natural color of the landscape.

(h) No living quarters shall be constructed upon the Lands, except that drilling crews and geologists or service personnel may use temporary "dog houses" during drilling, completion, or reworking activities.

(i) Operator shall not fence any access roads without the prior consent of Owner.

(j) Operator shall construct stock-tight fences for both sheep and cattle around any dangerous areas, including any pits where Operator drills wells.

(k) Operator and its employees, agents, and contractors shall leave all gates located on the Lands as they found them; gates found closed are to be closed; gates found open are to be left open.

(l) None of Operator's employees, agents, or contractors, or any other person under the direction or control of Operator shall be permitted to carry firearms or any other weapon on the Lands and such persons shall not hunt, fish, or engage in recreational activities on the Lands. No dogs will be permitted on the Lands at any time. Operator will notify all of its contractors, agents, and employees that no dogs, firearms, weapons, hunting, fishing, or recreational activities will be

allowed on the Lands. None of Operator's employees, agents, or contractors, or any other persons under the direction or control of Operator, shall possess or be under the influence of alcohol or illegal drugs while on the Lands.

(m) Operator shall conduct operations and activities on the Lands in accordance with, and shall strictly comply with all existing local, state, and federal laws, rules, and regulations. Operator shall also obtain any permit, consent, license, or other authorization required by law or by any governmental authority having jurisdiction.

(n) Operator shall take all reasonable steps to prevent fire and to promptly extinguish fire, including, but not limited to, maintaining a fire extinguisher, shovel, and bucket in each service vehicle entering upon the Lands. Operator shall fully and promptly compensate Owner for all damages caused by fire arising out of Operator's operations, including, without limitation, any charges incurred by Owner for fire suppression and the replacement of fences and other property damaged or destroyed by fire.

(o) Operator shall conduct dust suppression in such areas and at such times as Owner shall reasonably request as long as the dust being suppressed is the result of Operator's operations.

9. **Limitation on Rights.** The Lands may not be used in connection with operations on other premises not owned by Owner without Owner's written consent.

10. **Produced Water.** With respect to any water produced from wells drilled on the Lands in connection with the production of oil, gas, or other hydrocarbons, Operator agrees to reinject produced water or haul the same away from the Lands and properly dispose of such produced water off the Lands. Operator shall not construct evaporation pits for produced water, but may have a small "emergency pit" during drilling, completion, or reworking operations for produced water purposes.

11. **Dry Hole / Water.** Operator's use of water shall be governed by the applicable provisions of the Oil and Gas Lease between the parties. In the event that Operator discovers water during its drilling operations, Operator shall advise Owner of the location and quantity thereof. In the event Operator elects to abandon a well (either a "dry hole" or upon cessation of production from a producing well), Operator will give Owner forty-five (45) days written notice of the opportunity to take over any abandoned well and convert the well to a water well. If Owner elects in writing to take over the abandoned well and convert the well to a water well, then Owner will assume all liability and costs associated with the well thereafter, and both parties shall execute any and all documents necessary to provide that the water in the well shall become the property and the responsibility of Owner. If Owner does not elect to take over an abandoned well within such 45-day period, Operator shall plug and abandon the well as required by applicable law and regulations and reclaim the well site as provided herein.

12. **Seismic Operations.** Seismic operations on the Lands and the compensation payable to Owner therefor, shall be subject to a separate agreement between Owner and Operator.

13. **Extraordinary Damages.** The compensation provided for herein is acknowledged by Owner as sufficient and in full satisfaction for damages and use of the Lands caused or created by the reasonable and customary entry, rights-of-way, and operation and use of roads and well sites, but do not include damage to livestock, buildings, or improvements, or injuries to persons. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic substance or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Damage to or loss of livestock shall be paid for by Operator at the higher of market value or replacement cost.

14. **Reclamation and Reseeding.**

(a) Unless Owner otherwise agrees in writing or unless otherwise provided in the rules of the COGCC, within six (6) months after termination of any of Operator's operations on the Lands, Operator shall fully restore and level the surface of the lands affected by such terminated

operations as near as possible to the contours which existed prior to such operations. Operator shall use water bars and other measures as appropriate to prevent erosion and non-source pollution.

(b) Unless otherwise agreed by Owner or unless otherwise provided in the rules of the COGCC, all areas disturbed by Operator's activities will be reseeded with suitable grasses or crops selected by Owner, at a reseeding rate determined by Owner, and during a planting period selected by Owner. In the absence of direction from Owner, no reseeding (except for borrow pits) will be required on any access roads existing as of the date of this Agreement. It shall be the duty of Operator to ensure that a growing ground cover is established upon disturbed soils and Operator shall reseed as necessary to accomplish that duty.

(c) It shall further be the duty of Operator to inspect and control all noxious weeds as may become established within areas used or disturbed by Operator as required by the rules of the COGCC. Operator shall inspect disturbed areas from time to time and as Owner shall reasonably request in order to determine the growth of ground cover and/or noxious weeds. Operator shall reseed ground cover and control noxious weeds from time to time to the extent necessary to accomplish its obligations hereunder. Operator recognizes that this shall be a continuing obligation and Operator shall reseed ground cover and/or control noxious weeds until areas disturbed by Operator are returned to as near the condition as existed prior to construction. If Owner so requests, Operator shall construct and remove fences for the purpose of temporarily excluding livestock from newly seeded areas.

15. **Indemnification.** No party shall be liable for, or be required to pay for, special, punitive, exemplary, incidental, consequential or indirect damages to any other party for activities undertaken within the scope of this agreement.

Except as to claims arising out of pollution or environmental damage (which claims are governed by paragraph 16 below) or out of other provisions of this Agreement (which claims shall be governed by the terms of this Agreement), each party shall be and remain responsible for all losses, claims, damages, demands, suits, causes of action, fines, penalties, expenses and liabilities, including without limitation attorneys' fees and other costs associated therewith (all of the aforesaid herein referred to collectively as "Claims"), arising out of or connected with each such party's ownership or operations or activities on the Property, no matter when asserted, subject to applicable statutes of limitations. Each such party shall release, defend, indemnify and hold the other parties, their officers, directors, employees, agents and contractors, successors and assigns, harmless against all such Claims. This provision does not, and shall not be construed to, create any rights in persons or entities not a party to this Agreement, nor does it create any separate rights in parties to this Agreement other than the right to be indemnified for Claims as provided herein. Notwithstanding anything in this Agreement to the contrary, Operator shall compensate Owner for any damage, loss, or claim which Owner sustains because Operator did not act as a reasonable and prudent operator.

Upon the assignment or conveyance of a party's entire interest in the Property, that party shall be released from its indemnification provided above, for all actions or occurrences happening after such assignment or conveyance.

16. **Environmental Indemnity.** The provisions of paragraph 15 above, except for the first paragraph thereof, shall not apply to any environmental matters, which shall be governed exclusively by the following:

"Environmental Claims" shall mean all Claims asserted by governmental bodies or other third parties for pollution or environmental damage of any kind, arising from operations on or ownership of the Property or ownership of the oil and gas leasehold interest, whichever is applicable, and all cleanup and remediation costs, fines and penalties associated therewith, including but not limited to any Claims arising from Environmental Laws or relating to asbestos or to naturally occurring radioactive material. Environmental Claims shall not include the costs of any remediation undertaken voluntarily by any party, unless such remediation is performed under the imminent threat of a Claim by a governmental body or other third party;

"Environmental Laws" shall mean any laws, regulations, rules, ordinances, or order of any governmental authority(ies), which relate to or otherwise impose liability, obligation, or standards with respect to pollution or the protection of the environment, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 et seq.), the Clean Water Act (33 U.S.C. §§ 466 et seq.), the Safe Drinking Water Act (14 U.S.C. §§ 1401-1450), the Hazardous Material Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Air Act, and the Toxic Substances Control Act (15 U.S.C. §§ 2601-2629); and

Operator shall protect, indemnify, and hold harmless Owner from any Environmental Claims relating to the Land or the Lease that arise out of Operator's ownership and operation on the Land and its ownership and operation of any pipeline easement or right-of-way on the Land. Owner shall fully protect, defend, indemnify and hold harmless Operator from any and all Environmental Claims relating to the land that arise out of Owner's operations on the Land.). This indemnity specifically covers the completion or fracturing or refracturing of any well drilled by Lessee on the leased premises or lands pooled or unitized therewith.

17. **Exclusion From Indemnities.** The indemnities of the parties herein shall not cover or include any amounts which the indemnified party is actually reimbursed by any third party. The indemnities in this Agreement shall not relieve any party from any obligations to third parties.

18. **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 liability for personal injury, death, property damage, or otherwise arising out of Operator's or its agents' operations under this Agreement or Operator's use of Owner's property, unless such injury, death, or property damage is the result of Owner's negligent acts or omissions or those of its members, officers, directors, employees, agents, successors, and assigns.

19. **Inspections and Reports.** Operator and its authorized agents and representatives shall have access to the Oil and Gas Operations Areas, and to the surface location of any well drilled outside of the Lands that is or will be drilled into the Lands, and shall have the right to witness and observe all operations conducted thereon, including the drilling, logging, testing, casing, completing, Directional Surveying, and plugging and abandonment of any well thereon. Upon reasonable advance notice, Owner shall have the right to inspect Operator's records with respect to such operations to verify Operator's compliance with this Agreement. Owner shall maintain the confidentiality of all such information for so long as such information is not publicly available. Owner shall indemnify, defend and save and hold harmless Operator from and against any claims and liabilities for damage to property or injury to persons arising out of the acts or omissions of Owner or its agents or representatives in connection with such inspections, except to the extent such claim or liability is attributable to the negligence or willful misconduct of Operator or its contractors.

20. **Designated Contact Person.** Operator and Owner will each from time to time designate an individual, with appropriate 24-hour telephone and fax numbers, who is to be the primary contact person for discussions and decisions concerning matters related to this Agreement. Current contact information is as follows:

Owner: Steven Cohen
Watkins Road Associates II, LLP
7400 East Crestline Circle, Ste. 250
Greenwood Village, CO 80111
Phone: 303-221-8200
Fax: 303-773-2501
E-mail: smcohen@bravadapartners.com

Operator: Anadarko Petroleum Corporation
1099 18th Street, Suite 1800
Denver, CO 80202-1918

Attn: Land Manager

21. **Assignment.** This Agreement shall run with the Lands and shall be assigned by Operator in connection with any assignment of Operator's oil and gas leasehold rights under all or a portion of the lands described on Exhibit "A".

22. **Enforcement Costs.** If either party defaults under this Agreement, the defaulting party shall pay all costs and expenses, including a reasonable attorney's fee, incurred by the non-defaulting party in enforcing this Agreement, with or without litigation.

23. **Insurance.** Operator elects to self-insure its common law and assumed liability under this Agreement for bodily injury and/or property damage to third parties in connection with accidents arising out of its operations, but only to the extent of those liabilities assumed herein. Operator self-insures the first \$5,000,000 of its general liability, with excess liability insurance covering all operations and attaching over its self-insurance retention. Operator's self-insurance will respond to the same extent as if an insurance policy had been purchased naming Owner as an additional insured, but only to the extent of those liabilities assumed herein. Any limitations of Operator's self-insurance shall not limit its obligations to Owner as provided in this Agreement or the Lease. In the event of an assignment or transfer of this Agreement, the assignee or transferee shall be required to provide insurance coverage that is reasonably acceptable to Owner before Owner shall be required to consent to such assignment.

24. **As is/Where is.** Operator acknowledges that it is aware of all natural and manmade hazards on the Lands. Operator takes the Lands subject to all such hazards, as is, where is.

25. **Conflicts.** In the event of any conflict between this Agreement and any Oil and Gas Lease that covers the Lands, the terms and provisions of this Agreement shall control.

26. **Binding Effect.** This Agreement is binding upon and shall inure to the benefit of the successors and assigns of the parties.

27. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be considered an original for all purposes, with the same effect as if the signatures thereto and hereto were upon the same instrument.

28. **Term.** This Agreement shall continue until the termination of the Oil and Gas Lease between Operator and Owner covering the Lands, at which time this Agreement shall terminate. All of Operator's obligations and liabilities under this Agreement shall survive the termination of the said Oil and Gas Lease.

29. **Applicable Law.** This Agreement shall be construed under the laws of the State of Colorado.

30. **Dispute Resolution.** In the event of any dispute, disagreement or controversy arising out of, relating to or connected with this Agreement including but not limited to the location of any well, surface sites or facilities, access roads and pipelines, the Parties shall use reasonable, good faith efforts to settle such dispute or claim through negotiations with each other. If such negotiations fail to produce a mutually acceptable resolution to the matter in dispute, the Parties will submit the same to non-binding mediation before a sole mediator. The mediation will be conducted by the Judicial Arbiter Group, Inc., 1601 Blake St, Suite 400, Denver, CO 80202 ("JAG"). The matter in dispute will be submitted to mediation within fifteen (15) days of a written demand for mediation from one Party to the other. If the mediation is not successful, the matter in dispute shall be submitted for final reconciliation by a sole arbitrator to be chosen by the Parties from the pool of arbitrators at JAG by no later than thirty (30) days of a written demand for arbitration from one Party to the other (or such other time as may be agreed to by the Parties). The demand for arbitration and the response thereto shall concisely state the matter(s) in dispute, the position of the Party with respect to such matter(s) and the Party's proposed resolution of the same.

a. During any negotiations conducted pursuant to this Agreement, the Parties will keep and maintain a record of all issues upon which agreement has been reached. To narrow and focus the

issues that may need to be resolved in an arbitration proceeding, each of the submittals by the Parties shall include all points that have been agreed to by the Parties during their negotiations.

b. Any proceeding before the arbitrator shall be conducted in accordance with the Uniform Arbitration Act then currently in effect. The purpose of the arbitrator's role is to produce a final decision of any matter submitted for arbitration to which the Parties' herein agree to be bound. The place of arbitration shall be at the offices of JAG in Denver, Colorado.

c. The JAG arbitrator shall, ideally, be possessed of demonstrated experience in matters pertaining to the law of oil and gas development, and, at a minimum, Colorado law of real property governing the use and enjoyment of surface and subsurface estates. If the Parties cannot reach agreement on the choice of JAG arbitrator within ten (10) days of the original demand for arbitration (or such other time as may be agreed to by the Parties), they shall abide by the assignment of JAG arbitrator made by the JAG Administrator.

d. For any matter requiring judicial resolution in connection with the arbitration, including the enforcement of any award, enforcement of this agreement to arbitrate, or injunctive relief to preserve the status quo pending arbitration, the Parties agree to the exclusive jurisdiction of the State District Court of Arapahoe County, Colorado.

e. The Parties shall share equally in the cost of retaining the services of JAG for any mediation or arbitration conducted hereunder and each shall be solely responsible for its own costs and expenses of preparing for and pursuing any mediation or arbitration. With the exception of converting any arbitration award into a judgment, the prevailing Party for any matter requiring judicial resolution in connection with the arbitration shall be entitled to recover reasonable costs and attorneys' fees from the non-prevailing Party.

DATED as of the year and date first above written.

OWNER: _____

Watkins Road Associates II, LLP

OPERATOR: _____

**Agent and Attorney In Fact
David H. Bell
Anadarko E&P Company LP**

STATE OF _____)
:ss
COUNTY OF _____)

On this _____ day of _____, 201_, personally appeared before me
_____, who acknowledged that he executed the foregoing as
_____ of _____.

Notary Public
Residing at: _____
My commission expires:

STATE OF _____)
:ss
COUNTY OF _____)

On this _____ day of _____, 201_, personally appeared before me
_____, who acknowledged that he executed the foregoing as
_____ of _____.

Notary Public
Residing at: _____
My commission expires: