

## **EASEMENT, SURFACE DAMAGE AND RELEASE AGREEMENT**

This Easement, Surface Damage and Release Agreement ("**Agreement**") is made and entered into this 1st day of May, 2012, but made effective for all purposes September 1, 2012, by and between Lind Farms Inc ("**Owner**"), and Bayswater Exploration & Production, LLC, ("**Operator**"); sometimes referred to each as a "**Party**," or collectively as the "**Parties**."

### **WITNESSETH:**

For and in consideration of the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **OWNERSHIP**. Owner is the surface owner of certain lands located in Weld County, Colorado as more specifically described as follows (the "**Lands**"):

**Township 7 North, Range 67 West, 6<sup>th</sup> P.M.**

**Section 26: A portion of the E2NE containing approximately 22.20 acres (described as parcel no. 070526000043 by the Weld County Assessor).**

Additionally, Operator, and/or its affiliates, owns a working interest in valid leases covering lands in the NW of Section 25 and the SW of Section 24 in -T7N-R67W, Weld County, CO. (each a "**Lease**," collectively, the "**Leases**").

2. **OPERATOR'S OIL AND GAS OPERATIONS ON THE LANDS**. Operator desires to drill or cause to be drilled oil and/or gas wells on its Leases (the "**Wells**") within a 5 acre pad site located on the Lands (the "**Drill Pad**"). In order for Operator to drill, construct, complete, produce, maintain, rework, and operate the Wells and all facilities associated therewith, including, but not limited to, non-exclusive access road ("**Access Road**"), pipelines, flow lines, separators, tank batteries, electric lines and any other facilities or property necessary for Operator to conduct operations on the Wells (each a "**Facility**," collectively, the "**Facilities**"), it is necessary that Operator enter and utilize the Drill Pad as approximately depicted on Exhibit "A". Subject to the provisions herein, Owner hereby grants to Operator, its successors and assigns, and each of their agents, employees, contractors and subcontractors, the right, privilege and easement for the purpose of locating and surveying the Wells and Facilities, and for constructing, trenching, drilling, operating, maintaining, repairing, altering, replacing and removing the Wells and Facilities and appurtenant facilities, for the purposes specified herein, and including the rights of ingress to and egress from the Wells and Facilities across the Lands. The approximate location of the Drill Pad and appurtenant access road, locations, and facilities are shown on attached Exhibit "A".

(iii) For purposes of this Agreement, "hazardous substances" shall mean any materials regulated under any environmental statute, all hazardous or toxic substances, constituents, contaminants, waste, pollutants or petroleum or hydrocarbon, including, without limitation, those that are defined in CERCLA or PT, or EPA as such terms are defined in the Code of Federal Regulations or any applicable rule, regulation or statute.

9. **DEFAULT AND RIGHT TO CURE.** In the event of alleged default by Operator in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, Owner will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator will have 30 days from receipt of the written notification in which to dispute or otherwise respond to the notification before Owner may allege default. If Operator remedies the alleged default within 30 days of Owner's notice, or if the alleged default is of a nature that cannot be remedied within 30 days, then if Operator commences the remedy of the alleged default within that 30-day period and diligently pursues such remedy, then no default shall be deemed to have occurred.

Except as otherwise agreed in writing, no waiver by Owner of any breach by the Operator of any of its obligations, agreements, or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by Owner to seek a remedy for any breach by the Operator be deemed to be a waiver by Owner of its rights or remedies with respect to such breach; however in no event will Operator be liable for consequential damages.

10. **INDEMNITY/RELEASE.** Owner hereby releases and agrees to hold harmless Operator from any and all liability and further payment, other than what has been provided herein, for damages on the Lands which arise from, out of or in connection with the Operator's operations on the Lands, but only as to those operations which are described in and permitted by this Agreement, and for those operations which the Amount has been paid and received by Owner pursuant to this Agreement.

Operator shall indemnify, defend and hold Owner harmless from and against any and all damages, claims causes of action, actions, losses, liabilities, fines, costs and expenses (including without limitation reasonable attorneys' fees and expenses and costs of expenses of investigational or trial) resulting from Operators failure to comply with laws, ordinance, rules and regulations or otherwise resulting from or related to negligent operations conducted by Operator under this Agreement, except as provided in Section 19, below.


11. **WAIVER OF 30-DAY NOTICE.** Owner hereby waives the minimum 30-day written notice requirement for operations to begin. Operator agrees it will provide an initial notice to Owner after it has submitted a request for permit to drill from the COGCC.

Parties and their respective successors, affiliates, administrators, trustees, executors and assigns.

IN WITNESS WHEREOF, the Parties have set their hands, the day and year first written above.

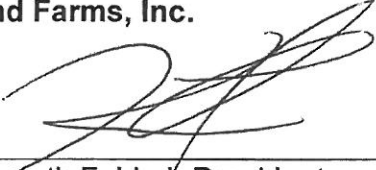
**Operator:**

**Bayswater Exploration & Production, LLC**

  
\_\_\_\_\_  
Kevin Kane, Operations Manager  
*Mark E. Brown*

**Owners (Name and Title):**

**Lind Farms, Inc.**

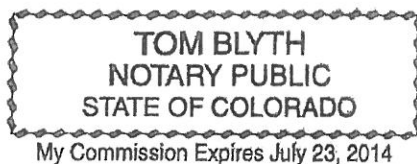
  
\_\_\_\_\_  
Kenneth F. Lind, President


STATE OF COLORADO    )  
  ) ss.  
COUNTY OF Denver    )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of May, 2012, by Kevin Kane, Operations Manager of Bayswater Exploration & Production, LLC. *Mark E. Brown*

Witness my hand and official seal.

My commission expires: 7/23/2014



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

STATE OF COLORADO    )  
                                      ) ss.  
COUNTY OF WELD        )

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of April, 2012, by Kenneth F. Lind as President of Lind Farms, Inc.

Witness my hand and official seal.

My commission expires: 8/22/2015



Cindy B. Gormley  
Notary Public

Exhibit "A"

Approximate illustration of the area to be occupied by the 5 acre  
drill pad.

It is agreed by the parties hereto that this illustration is meant to  
be approximate and the drill pad may change to accommodate  
setback requirements or other operational considerations as  
determined by Operator.

Lind Farm Inc.

Ken Lind, pres

Owner Signature

[Signature]

Operator Signature

Northern boundary of pad  
to run in a straight line East  
to West and parallel to corn  
rows

Access road to enter  
from WCR 23 at the  
northeast corner of  
the pad and run  
parallel with its  
northern boundary

DRILL PAD

Minimum 60 ft buffer between  
southern boundary of pad and  
existing labor house