

COMPATIBLE DEVELOPMENT AND SURFACE USE AGREEMENT

This Compatible Development and Surface Use Agreement (this "Agreement") is made and entered into this 21st day of MAY 2013 by and between **Postle Properties III, LLC**, a Colorado limited liability company ("Postle Properties") and **Brian and Kimberly Postle** ("Postle"), (collectively referred to as "Owner") with an address of 3168 5th Street, Boulder, Colorado 80304, and **Great Western Operating Company**, a Colorado limited liability company ("GWOC") with an address of 1700 Broadway, Suite 650, Denver, Colorado 80290. GWOC and Owner may be referred to as a "Party" or collectively as the "Parties".

RECITALS

- A. Postle Properties owns that certain real property located in Section 11 and the NW/4SW4 and the W/2SW/4 of Section 12, Township 3 North, Range 68 West, Weld County, Colorado as more particularly delineated as the Postle Properties III Parcel on Exhibit A attached hereto and Postle owns that certain real property located in Section 11, Township 3 North, Range 68 West, Weld County, Colorado as more particularly delineated as the Brian and Kimberly Postle Parcel on Exhibit A (collectively the "Described Premises"), and Owner's right to develop the surface estate is subject to the rights of the oil and gas leasehold estate, all or a portion of which is owned by GWOC.
- B. GWOC is the lessee and holder of the Oil and Gas Leases covering all or parts of the Described Premises, currently does not operate any wells on the Described Premises, and has the right to develop its oil and gas leasehold estate by drilling additional wells ("Future Wells") on the Described Premises. Existing Wells and Future Wells are sometimes referred to herein as "Wells".
- C. The Parties are parties to that certain Surface Use Agreement between James G. Postle, Postle Properties III, LLC and HRM Resources, LLC dated December 27, 2010 and attached as Exhibit B to that certain Oil and Gas Lease dated February 22, 2011 and recorded at Reception No. 3752019 on February 22, 2011 in the real estate records of Weld County, Colorado (the "Existing SUA").
- D. This Agreement provides for and is limited to the compatible development of the surface estate and the oil and gas estate for the Described Premises.

NOW THEREFORE, in consideration of the covenants and the agreements set forth herein, including the representations set forth in the recitals, the parties agree as follows:

1. Oil and Gas Operations Areas and Production Facilities Area.

a. Future Wells: GWOC agrees to limit its oil and gas operations conducted in connection with Future Wells, to the Oil and Gas Operations Area as depicted on Exhibit B and C attached hereto and incorporated herein by this reference as ("NEW OGOA"). The NEW OGOA may be used for drilling, completion, and maintenance of Future wells as depicted in Exhibits B and C and equipment, production operations, workovers, well recompletions and deepening, fracturing, twinning, the drilling of replacement wells, and also the location and

on account of any damage or injury to any person or property resulting from the GWOC's use of or activities on the Described Premises, including use by GWOC's employees, agents, representatives, contractors, contractor's assignees, or other working interest owners.

22. Liability for Damage Resulting from Produced Water. GWOC shall be responsible for complying with the rules and regulations applicable to the removal and/or disposal of waters produced by its operations as established by the State of Colorado and other applicable authorities, and the GWOC agrees to indemnify, defend and hold Owner harmless from any claims, demand, judgment or liability arising as a result of damages to persons or property caused by or in connection with the removal or utilization of said water. Nothing in this paragraph shall be interpreted to allow GWOC to discharge produced water on the Described Premises. Nothing herein permits GWOC to use free of cost produced water or other water from Described Premises. In the event that GWOC seeks to use said water, GWOC shall negotiate with Owner a fair and reasonable price and location.

23. Authority to Execute Agreement. Each party represents that it has the full right and authority to enter into this Agreement with respect to the surface rights or oil and gas interests or oil and gas leasehold interests that it owns in the Described Premises, as applicable.

24. No Waiver of Rights. GWOC does not waive the rights it has pursuant to its oil and gas interests to explore for, drill and produce the oil and gas underlying the Described Premises or for ingress and egress to the Oil and Gas Operations Areas, and Owner does not waive the ownership rights it has, except as specifically limited in this Agreement. Notwithstanding the foregoing, GWOC acknowledges and agrees that by execution hereof it has agreed to limit its activities as set forth herein.

25. Communication and Contacts Between Owner and GWOC. Any notice provided for in this Agreement that is to be sent via telephone, e-mail, first class or express mail shall be addressed as follows:

Owner:

Postle Properties III, LLC
3168 5th Street
Boulder, CO 80304
Attn: James Postle

GWOC:

Great Western Operating Company
2005 Howard Smith Avenue East
Windsor, CO 80550

26. Successors and Assigns. This Agreement and all of the covenants therein shall be binding upon the parties hereto, their successors and assigns and the benefits of this Agreement shall inure to their successors and assigns. This Agreement and all of the covenants in it shall be covenants running with the land.

27. **Recording.** Owner shall record this Agreement with the Clerk and Recorder of Weld County and provide evidence to GWOC of the recording.

28. **Governing Law.** The validity, interpretation and performance of this Agreement shall be governed and construed in accordance with the laws of the State of Colorado without reference to its conflicts of laws provisions.

29. **Severability.** If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it conflicts with such laws; however, the remainder of this Agreement shall be in full force and effect. In the event that any part of this Agreement would otherwise be unenforceable or in conflict with applicable laws due to the term or period for which such part is in effect, the term or period for which such part of this Agreement shall be in effect shall be limited to the longest period allowable which does not cause such part to be unenforceable or in conflict with applicable laws.


21. **Incorporation of Exhibits.** Exhibits A through D are incorporated into this Agreement by this reference.

22. **Counterpart Executions.** This Agreement may be executed in counterparts, each of which shall be deemed an original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be executed by a duly authorized representative on the day and year first above written.

GREAT WESTERN OPERATING COMPANY, LLC

By: 
Tom W. Rand, Vice President of Great Western Operating Company

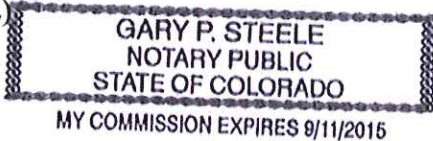
STATE OF COLORADO)
)ss
COUNTY OF WELD)

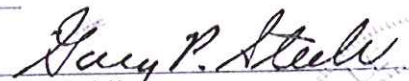
On this 4th day of June, 2013, before me personally appeared Tom W. Rand, being by me duly sworn, did say that he is the Vice President of Great Western Operating Company, a Colorado limited liability company, that he signed the foregoing instrument on behalf of said limited liability company and acknowledged the instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and affixed my official seal the day and year first above written.

My Commission Expires: _____

(SEAL)




Notary Public



**POSTLE PROPERTIES III, LLC,
a Colorado limited liability company**

By: [Signature]
James Postle, Manager

STATE OF COLORADO)
)ss
COUNTY OF Boulder)

On this 31st day of MAY, 2013, before me personally appeared James Postle, who, being by me duly sworn, did say that he is the Manager for Postle Properties III, LLC, and that he signed the foregoing instrument on behalf of said limited liability company and acknowledged the instrument to be the free and voluntary act and deed of said limited liability company for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and affixed my official seal the day and year first above written.

My Commission Expires: 2/11/17


(SEAL)

[Signature]
Notary Public





Brian Postle



Kimberly Postle

STATE OF COLORADO)
)ss
COUNTY OF Boulder)


On this 3rd day of June, 2013, before me personally appeared Brian Postle and Kimberly Postle, who being by me duly sworn, did say that they signed the foregoing instrument and acknowledged the instrument to be their free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I hereunto set my hand and affixed my official seal the day and year first above written.

My Commission Expires: 06-05-2017

(SEAL)

ANNE S. TULLY
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20054021072
MY COMMISSION EXPIRES 06/05/2017



Notary Public