

Well Names: Afton 12-16H-1, Afton 12-16H-2, Afton 12-16H-3, Afton 12-16H-4, Afton 12-16H-5, Afton 12-16H-6, Afton 12-16H-7, Afton 12-16H-8

SURFACE USE AND ROAD ACCESS AGREEMENT

This agreement, made and entered this 15th day of May, 2013, by and between James A. Pulis Trust and Carolee A. Pulis Trust, whose address is 15295 Colorado Blvd., Brighton, CO 80602, hereinafter referred to as "Owner", and Pico Finisterre II, LLC, whose address is 7979 Ivanhoe Ave, Ste 300, La Jolla, CA 92037, hereinafter referred to as "Operator", collectively referred to herein 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. Operator intends to drill, or cause to be drilled, up to 8 oil and/or gas wells ("Wells"), and install a tank battery at legal locations on the following described lands ("Lands"), including, but not limited to:

Afton 12-16H-1 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO	Afton 12-16H-2 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO
Afton 12-16H-3 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO	Afton 12-16H-4 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO
Afton 12-16H-5 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO	Afton 12-16H-6 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO
Afton 12-16H-7 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO	Afton 12-16H-8 well SESE Sec. 12 T1S R68W, 6 th P.M. Adams County, CO
2. If Adams County will not allow the tank battery to be on County land, tank battery for said Wells, and wells in SWSE of same section, shall be constructed on Owner's property. If a tank battery is constructed on Owner's land, compensation for said tank battery shall be \$10,000 for the location and all equipment.
3. If tank battery is on owner's land, trucks removing product from said tank battery shall normally access battery between 6:00 a.m. and 7 p.m.
4. In order for Operator to drill, construct, complete, produce, maintain and operate the Wells and all associated pipelines, power lines, tank battery and other facilities or property of Operator associated with said Wells, it is necessary that Operator enter and utilize the Lands. The Parties hereby agree to compensation for the damages, entry and surface use thereof.
5. Operator shall pay Owner the sum of \$12,500 ("Amount") *per well drilled*. Operator may drill up to 8 wells. Owner hereby acknowledges that the Amount represents full, final and agreed-upon total compensation for all damages caused or created by reason of the reasonable and customary ingress, egress, rights-of-way, drilling, completion, production and maintenance operations and well location, except as defined below. Drillsite shall be less than three and one-half (3.5) acres in size during drilling operations, and reduced to .75 acre after completion of all wells.
6. Operator shall bury all pipelines and utilities below normal plow depth, and shall pay owner \$10.00 per rod for surface damages and \$15.00 per rod of Right-of-Way for Right-of-Way for related pipelines (water, gas, oil, and utility lines) running from well facilities to the tank battery. All lines shall be in a Right-of-Way 25' wide. Operator shall inform Owner prior to constructing any other facilities on the lands.
7. No drilling mud may be spread on surrounding land. Operator shall remove all "dead men" from pasture, after each use.
8. Well site(s) shall be enclosed by a fence, the type to be determined.
9. For each pumpjack installed, Owner shall receive \$5,000. If desired by Owner, a visual barrier to the pumpjacks shall be erected at Operator's expense, in an alignment to be determined by Owner. If no pumpjacks are installed, if deemed necessary by Owner, Operator shall construct a visual barrier on the east side of pad, so as to shield well equipment from view from house on property.
10. After completion of wells, drilling location shall be restored as near as practicable to the condition which existed prior to activities. This shall include drilling hay grasses. If first planting fails to germinate, a subsequent planting shall be done the next planting season.
11. All drillsite pits shall be filled within 180 days after completion of any Well so drilled on said lands, subject to pit moisture and weather. Within one year of cessation of all production of these Wells or six months after the time these Wells have been plugged and abandoned, weather permitting, Operator agrees to complete reclamation of the surface of the subject lands and access road as nearly as practicable to the condition in which the same was found prior to the commencement of Operator's oil and gas operations, including removal of all Operator's equipment and material. This shall include drilling hay grass seed. If first planting fails to germinate, a subsequent planting shall be done the next planting season.
12. Crop loss shall be \$15,000, for up to three years of pad presence. If pad is not removed at the end of three years from date of initial construction, another \$15,000 shall be due, and shall allow up to three additional years of pad presence and drilling activity.
13. Access road shall be reasonably maintained, and only one access road shall be used.
14. Production pad site shall be kept weed-free at all times. Any fences damaged by Operator shall be promptly repaired.
15. Payment for crop shall be made prior to drilling first Well. Per-well payment shall be made prior to commencement of drilling of each Well. All payments that shall become due and payable for pipelines/utilities shall be calculated after completion of said facilities.
16. In the event said Well(s) is/are completed as a producer(s), said Right-of-Way so granted herein shall remain in full force and effect and shall continue until such time as said well(s) is/are plugged and abandoned, and final restoration is complete.
17. Except as to any extraordinary or unanticipated loss or damage, Owner does hereby release and shall indemnify and hold harmless Operator from any and all liability of any nature and further payment for damages on the lands which arise or may

arise out of or in connection with the well or other facilities constructed by Operator on the lands for so long as operations are being conducted by Operator, its agents, successors or assigns.

18. Notice by either party shall be promptly given, orally if possible, and immediately mailed to:

Owner

James A. Pulis Trust and Carolee A. Pulis Trust
15295 Colo. Blvd.
Brighton, CO 80602

Operator

Pico Finisterre II, LLC
7979 Ivanhoe Ave, Ste 300
La Jolla, CA 92037
619-988-0828

This CONFIDENTIAL agreement shall be binding on and inure to the benefit of the Parties, their respective heirs, successors, personal representatives, agents, tenants, purchasers and assigns. This Agreement and the covenants contained herein shall run with the land. Terms of this agreement may not be disclosed to other parties.

Operator may assign this agreement and the terms, conditions, rights and obligations herein to another person or entity without Owner's approval.

IN WITNESS WHEREOF, the parties hereto set their hands, the day and year first above-written

James A. Pulis Trust

James A. Pulis
By: Carolee A. Pulis, Trustee of James A. Pulis Trust

Pico Finisterre II, LLC

Max Webb
By: Max Webb
Chief Financial Officer

Carolee A. Pulis Trust

Carolee A. Pulis
By: Carolee A. Pulis, Trustee