

20.001

723

Recorded as 1008 of date SEP 20 1974

Rev. No. 1645184 & Lee Shihue, Jr., Recorder Rev. 8-16-71

10-1 TRIPLICATE ORIGINAL  
CHAMPLIN COPY

SURFACE OWNER'S AGREEMENT

THIS AGREEMENT, made and entered into this 29th  
day of July, 1974, by and between

RICHARD L. NEALE and KAREN NEALE, husband and wife, of Platteville,  
Colorado (hereinafter for convenience called the "Land Owner");  
DWIGHT SARCHET and HAZEL SARCHET, husband and wife, of Platteville,  
Colorado (hereinafter for convenience called the "Beneficiary")

~~(hereinafter for convenience called the "Land Owner")~~, and CHAMPLIN  
PETROLEUM COMPANY (hereinafter for convenience called "Champlin");

W I T N E S S E T H:

RECITALS:

Land Owner is the owner of the following described premises  
hereinafter referred to as "described premises":

The South Half of the Northeast Quarter (S $\frac{1}{2}$ NE $\frac{1}{4}$ ) of Section Fifteen  
(15), Township Three (3) North, Range Sixty-six (66) West of the  
Sixth Principal Meridian, Weld County, Colorado, except, that part  
described as:

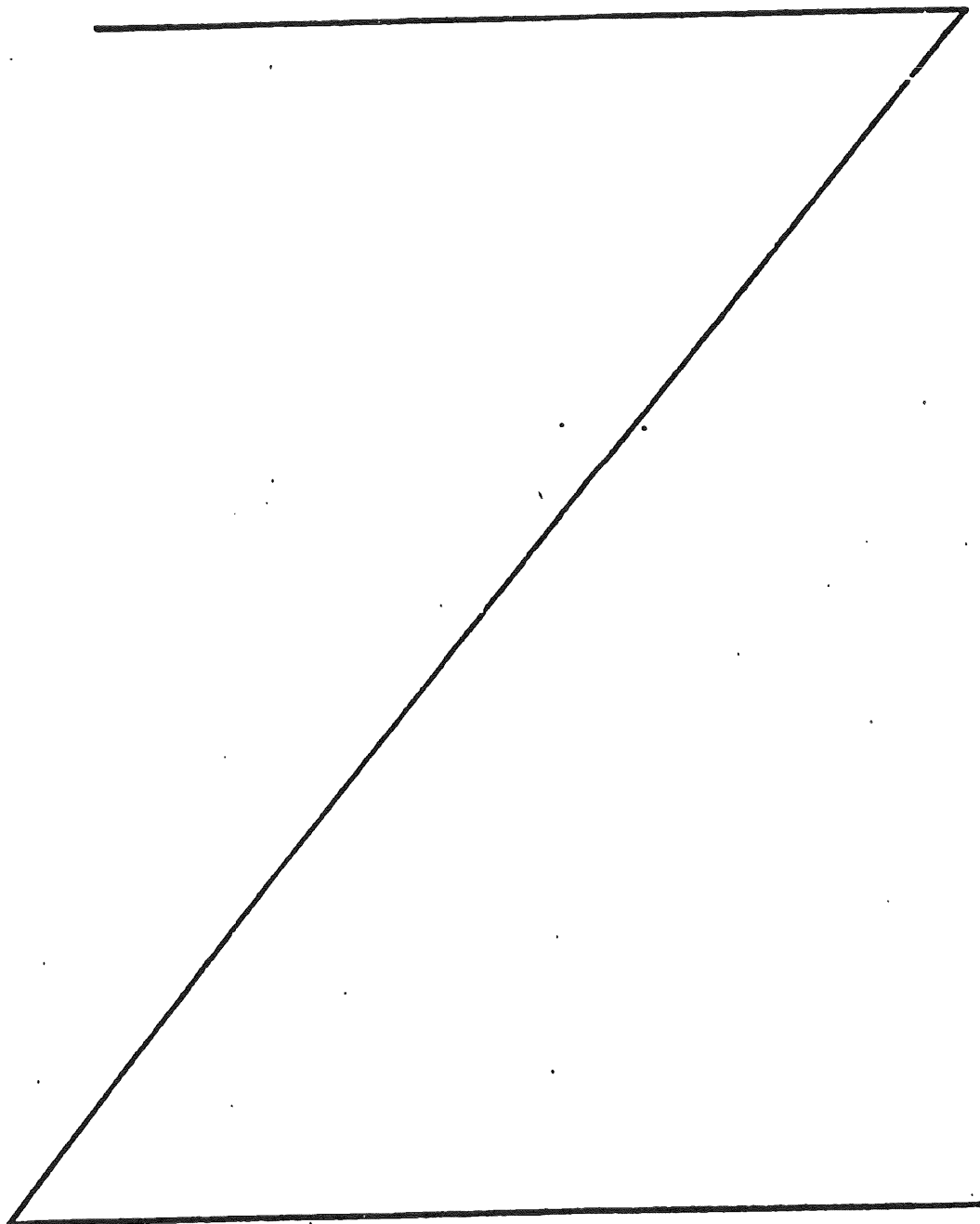
Beginning at the Southeast corner said South One-half North-  
east One-quarter: Thence South 89° 47' 37" West on an  
assumed bearing along the South line said South One-half  
Northeast One-quarter a distance of 30.00 feet to the true  
point of beginning; thence continuing South 89° 47'  
37" West along said South line a distance of 491.00 feet;  
thence North 00° 05' 43" West parallel with the East line  
said South One-half Northeast One-quarter a distance of 417.00  
feet; thence North 89° 47' 37" East parallel with the South

723

1645184

10-2

line said South One-half Northeast One-quarter a distance of 491.00 feet to a point 30.00 feet West of the East line said South One-half Northeast One-quarter; thence South  $00^{\circ} 05' 43''$  East parallel with said East line a distance of 417.00 feet to the true point of beginning.



SUBJECT, however, to exceptions and reservations of minerals and rights of entry and of surface use contained in a certain deed or deeds of conveyance, as follows: Warranty Deed No. 2447 dated August 25, 1908, from Union Pacific Railroad Company to the Western Land Company, recorded October 2, 1908, in Book 233 at Page 169 in the Office of the County Clerk and Recorder of Weld County, Colorado.

Champlin is successor in interest to all the right, title, and interest of Union Pacific Railroad Company in and to the oil, gas, and associated liquid hydrocarbons in said premises for a term or period equal to or exceeding the term of this Surface Owner's Agreement.

Champlin proposes for Champlin or its agents, lessees, licensees, successors, or assigns to prospect upon and explore the described premises for the development and production of oil, gas, and associated liquid hydrocarbon substances either on Champlin's behalf or under or pursuant to an oil and gas lease or license, or under or pursuant to a "unitization agreement," meaning here and wherever that term is used herein any operating agreement, or any other agreement covering the exploration or development for or the production of oil, gas, or associated liquid hydrocarbons, or any pooling, communitization, unit or other agreement whereby the described premises may be included with other lands in proximity thereto as a unit area under a plan of unit or joint exploration, development, and operation.

AGREEMENT:

NOW, THEREFORE, it is agreed as follows:

Section 1. In consideration of the mutual benefits and of the sum of Ten Dollars (\$10) paid by Champlin to Land Owner, receipt whereof is hereby acknowledged, Land Owner hereby confirms, extends, and grants to Champlin, its agents, lessees, licensees, successors, and assigns, including any operator or unit operator from time to time in charge of operations under a unitization agreement, and their respective successors and assigns, the easements and rights to enter upon the described premises and to drill, construct, maintain and use upon, within, and over said premises all oil wells, gas wells, derricks, machinery, tanks, drips, boilers, engines, pipe, power and telephone lines, roadways, water wells, and, without limitation by reason of the foregoing enumeration, any and all other structures, equipment, fixtures, appurtenances, or

facilities (all the above being included under the term "facilities") necessary or convenient in prospecting and developing for, producing, storing, transporting, and marketing oil, gas, and associated liquid hydrocarbon substances under or produced from any portion of the described premises or under or produced from any portion of the unit area created under a unitization agreement, together with the right to remove said facilities and the right to use such water as may be needed from the described premises, not including water from Land Owner's wells.

Section 2. Champlin agrees, so long as it is receiving oil and/or gas production from or oil and/or gas royalties upon production from the described premises or allocated thereto under the provisions of a unitization agreement, to pay or cause to be paid to the Land Owner in cash the value on the premises of two and one-half percent ( $2\frac{1}{2}\%$ ) of all the oil and gas and associated liquid hydrocarbons hereafter produced, saved, and marketed therefrom or allocated thereto as aforesaid, except oil and gas and associated liquid hydrocarbons used in operations on the premises or used under the unitization agreement, and except that as to casinghead gasoline and other products manufactured from gas there shall be deducted the cost of manufacture; provided, however, that during any time the described premises or any portion thereof are included within the boundaries of a participating, pooled, or communitized area, (to which inclusion Land Owner expressly consents) and there is no provision for the payment of royalties to Champlin but it participates in the production from the pooled, communitized, or unit area as a working interest owner, then the two and one-half percent ( $2\frac{1}{2}\%$ ) above set forth shall be applied to that percentage of the total production from such area which is allocated to the described premises.

When production of oil from lands under several surface ownerships is commingled in one central tank setting for practical operating reasons, periodic individual well tests may be made to compute the quantities of commingled oil properly allocable to each well, and the two and one-half percent ( $2\frac{1}{2}\%$ ) payment provided herein shall be payable upon the quantities apportioned to each well as reported to Champlin in full satisfaction of the obligations of Champlin under this Section 2.

BOOK  
723

Section 2-1/2. ~~Mortgagee~~/Beneficiary, as the holder of a promissory note given by Land Owner, payment of which is secured by that certain ~~Mortgagee~~ deed of trust dated March 1, 1972, in favor of ~~Mortgagee~~/Beneficiary, recorded on March 6, 1972, in Book 663, Reception No. 1585047 in the office of the Clerk and Recorder of Weld County, Colorado hereby subjects and subordinates said ~~Mortgagee~~ deed of trust to the rights granted to Champlin, its agents, lessees, licensees, successors, and assigns under Section 1 of this agreement.

Land Owner hereby assigns, transfers and sets over to ~~Mortgagee~~/Beneficiary all payments and other rights and benefits which may be paid or become payable to the Land Owner under and by virtue of this agreement. ~~Mortgagee~~/Beneficiary authorizes Champlin to pay any and all such payments to Land Owner until Champlin is notified in writing by ~~Mortgagee~~/Beneficiary to make all such payments directly to ~~Mortgagee~~/Beneficiary; and Champlin agrees to make all such payments hereunder to ~~Mortgagee~~/Beneficiary when notified in writing by ~~Mortgagee~~/Beneficiary to do so.

It is agreed that all money payments which may become due under and by virtue of this agreement shall, upon notice as aforesaid, be paid by Champlin to ~~Mortgagee~~/Beneficiary, to be applied as advance payment of the principal obligation under the promissory note secured by the aforementioned ~~Mortgagee~~ deed of trust, but shall not defer the due date of any installment, provided for in said ~~Mortgagee~~ deed of trust, until such time as said principal obligation is paid in full, and thereafter such payments shall be made to Land Owner.

Section 3. Should the described premises or any portion thereof at any time be committed to a unitization agreement, the operator or unit operator under such agreement may exercise the rights granted under Section 1 hereof during the period ending with the fifth calendar year following the date of this agreement without compensation to the Land Owner other than payment as above provided, but after said period if such operator shall install or maintain any facilities other than pipe or pole lines upon the described premises during any calendar year, it shall pay Land Owner One Dollar (\$1.00) per acre for the acreage used during any part of that calendar year, if such use substantially deprives the Land Owner of the use of such acreage. The above amount of One Dollar (\$1.00) per acre shall be subject to upward revision upon a showing by the Land Owner that the land involved has theretofore earned and is capable of earning a greater sum per acre.

Section 4. Nothing herein contained shall be construed as a covenant to drill by Champlin, its agents, lessees, licensees, successors, or assigns, or by any operator or unit operator, or as a grant to Land Owner of oil or gas rights or rights in other associated liquid hydrocarbons.

Section 5. Champlin, its agents, lessees, licensees, successors, and assigns, including the operator or unit operator under a unitization agreement, shall be required: (a) to pay for all damage to Land Owner's lands, buildings, and growing crops caused by the erection or construction of facilities to be used in connection with oil or gas or associated liquid hydrocarbon operations; (b) to bury all pipe lines below plow depth where such lines cross cultivated land; and (c) to construct gates or at its option install cattle guards where necessary for crossing fenced land in connection with exploration, development, or producing operations and, where an election has been made to construct gates in lieu of cattle guards, to keep such gates in repair and closed.

Section 6. Other than the payments to be made as aforesaid, the Land Owner shall not be entitled to any other or additional payments as a result of the conduct of operations upon the described premises.

Section 7. Subject to the provisions of Section 9 hereof, it is agreed that the covenants to pay the sums provided in Sections 2, 3, and 5 hereof shall be covenants running with the surface ownership of the described premises and shall not be held or transferred separately therefrom, and any sums payable under this agreement shall be paid to the person or persons owning the surface of the described premises as of the date the oil or gas



or associated liquid hydrocarbon production is marketed. Champlin shall not, however, become obligated to make such payments to any subsequent purchaser of the described premises and shall continue to make such payments to the Land Owner until the first day of the month following the receipt by Champlin of notice of change of ownership, consisting of the original or certified copies of the instrument or instruments constituting a complete chain of title from the Land Owner to the party claiming such ownership, and then only as to payments thereafter made.

Section 8. The easements, rights, and uses herein shall be binding upon the described premises and each and every part thereof, and the present and future owners thereof, and shall continue for the benefit of the present or future owners of the oil and/or gas and/or associated liquid hydrocarbon rights in the described premises and each and every part thereof and their agents, lessees, licensees, successors, and assigns, including any operator or unit operator, and for the benefit of other lands within any unit area within which the described premises, or any portion thereof may be included, and each and every part thereof.

Section 9. This agreement shall be in full force and effect from and after execution and delivery and shall continue in full force and effect for a period of one (1) year and so long thereafter as the oil and gas rights in the described premises are committed to an oil and gas lease or license or to a unitization agreement, or so long as a well capable of producing oil or gas or associated liquid hydrocarbons is located upon the described premises, or drilling or reworking operations are being conducted thereon, and, upon termination of such lease, license, or unitization agreement, or upon abandonment of such well, or upon cessation of such drilling or reworking operations, whichever last occurs, this agreement shall terminate; provided, however, that such termination shall neither affect nor terminate the rights, expressed or implied, in the deed or deeds referred to in the Recitals hereof.

Section 10. Subject to the provisions of Sections 7 and 9 hereof, this agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

~~Section 11. \_\_\_\_\_  
of the above-named Land Owner, does hereby join with her husband in the execution of the foregoing agreement, hereby releasing and waiving all right of homestead and dower in and to the lands above described.~~


IN WITNESS WHEREOF, the parties hereto have executed this

BOOK 723

agreement as of the day and year first above written.

Attest:

CHAMPLIN PETROLEUM COMPANY

  
\_\_\_\_\_  
ASSISTANT SECRETARY

By

D. J. Churchill  
Vice President

Witness/

Jane Caulfield

Jane Caulfield

Witness/

\_\_\_\_\_

\_\_\_\_\_

Richard L. Neale  
RICHARD L. NEALE - Land Owner

Karen Neale  
KAREN NEALE - Land Owner

Dwight Sarchet  
DWIGHT SARCHET - Beneficiary

Hazel Sarchet  
HAZEL SARCHET - Beneficiary



BOOK 723

CONSENT OF PUBLIC TRUSTEE

1645184

The Public Trustee of Weld County, Colorado, will please consent to and join in the foregoing agreement.

10-9

Witness/Assessor

Dwight Sarchet  
DWIGHT SARCHET - Beneficiary

Hazel Sarchet  
HAZEL SARCHET - Beneficiary

As Public Trustee in and for the County of Weld, State of Colorado, at the request of the present owner of the indebtedness and holder of the note secured by deed of trust dated March 1, 1972, to the Public Trustee of the County of Weld and State of Colorado. recorded in Book 663, Rec. No. 1585047 of records in the office of the Clerk and Recorder of Weld County, Colorado, I do hereby consent to the above and foregoing agreement to the extent that said land is affected by said deed of trust.

Witness:

L. Wayne Wells  
Public Trustee of the County of Weld and State of Colorado

STATE OF COLORADO)

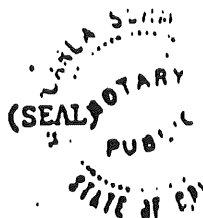
COUNTY OF WELD ) ss

The foregoing instrument was acknowledged before me this 9th day of August, 1974, by L. Wayne Wells as Public Trustee of Weld County, Colorado.

Witness my hand and official seal.

My commission expires Feb 20, 1978.

Carla Schmitt  
Notary Public



BOOK 723

1645184

10-10

INDIVIDUAL ACKNOWLEDGMENT

State of Colorado )  
County of Weld ) ss

On this 24<sup>th</sup> day of July, 19 74,  
before me personally appeared RICHARD L. NEALE

and KAREN NEALE, his wife, to me known to be  
the persons described in and who executed the foregoing instrument,  
and acknowledged that they executed the same as their free act and  
deed.

My commission expires Feb 24-1977

Michael McHenry  
Notary Public

Residing at Platteville, Co.

INDIVIDUAL ACKNOWLEDGMENT

State of Colorado )  
County of Weld ) ss

On this 9<sup>th</sup> day of August, 19 74,  
before me personally appeared DWIGHT SARCHET

and HAZEL SARCHET, his wife, to me known to be  
the persons described in and who executed the foregoing instrument,  
and acknowledged that they executed the same as their free act and  
deed.

My commission expires My Commission expires Jan. 7, 1977

DeVota M. Johnson  
Notary Public

Residing at Platteville, Colorado