

### SURFACE USE AGREEMENT

This Surface Use Agreement ("Agreement") is dated April \_\_\_\_, 2014 ("Effective Date"), by and between The Skinner Family Joint Living Trust, whose address is 7535 South Telluride Court, Centennial, Colorado, 80016 ("Owner") and Cascade Petroleum LLC, whose address is 1331 Seventeenth Street, Suite 400, Denver, CO 80202 ("Company").

#### RECITALS

(A) Owner owns the surface estate of the following described lands located in Lincoln County, Colorado ("Lands"):

Township 10 South, Range 56 West, 6th P.M.  
Section 28: A1.L.

(B) Owner's interest in the Lands is subject to one or more oil and gas lease(s) covering the Lands, all or portions of which are owned by Company, and which grant Company the right to access, use, and conduct operations on the Lands.

(C) Notwithstanding the rights of Company under the oil and gas lease(s), in the spirit of joint cooperation Owner and Company desire to reach an understanding and agreement regarding Company's surface access, use, and disturbance to the Lands.

#### AGREEMENT

In consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Owner and Company agree as follows:

1. Grant of Access. Owner hereby grants and conveys to Company the right of access on and across the Lands and the right to use the surface and subsurface of the Lands to explore, develop, produce, transport, and market oil, gas, and associated hydrocarbons subject to the terms and conditions of this Agreement.

2. Compensation. For the privileges granted in this Agreement, Company agrees to pay the following sums to Owner:

(a) Drill Site Locations. Prior to commencement of drilling operations, Company shall pay Owner a one-time payment of [REDACTED] covering up to five (5) acres in area (each a "Drill Site Location") constructed on the Lands, to be used by Company for its exploration, drilling (whether vertical or horizontal wells), completion, deepening, hydraulic fracturing, recompletion, reworking, equipping and production operations. Said payment shall constitute payment in full for all surface damages and/or crop loss associated with any Drill Site Location. In the event a Drill Site Location covers more than five (5) acres in area, Company shall pay Owner [REDACTED] in excess of five (5) acres, which shall be prorated as to the actual area covered by the Drill Site Location in excess of five (5) acres, and shall be paid by Company within 30 days following the completion of construction on the Drill Site Location. It is understood and agreed that Company shall have the right to locate more than one wellbore on any Drill Site Location without any further compensation to Owner.

(b) Lines. If Company disturbs the Lands to install lines, including but not limited to oil and gas flow lines, pipelines, gathering lines, telecommunication lines, electric lines and water lines (together the "Lines"), Company shall pay Owner [REDACTED] of Line within 30 days following the completion of construction on the Lines. All Lines shall be underground. If Company installs any Lines in the same easement as an already constructed Line prior to final surface reclamation, Company will not have to make additional payment. However, in the event Company installs any Lines in the same easement as an already constructed Line after final surface reclamation, Company will make additional payment of [REDACTED] of Line for such additional Line installation. Company may use the Lines to transport oil, gas and other hydrocarbons, water and other substances, or to deliver electricity, to or from Outside Lands, as defined herein.

(c) Roads. If Company disturbs the Lands to construct roads, or if Company uses an existing private road located on the Lands for ingress and egress to and from the Lands

or any Drill Site Location, ("Access Roads"), Company shall pay Owner [REDACTED] of newly constructed Access Road, or [REDACTED] for existing Access Road, within 30 days following the completion of construction on the Access Road. Furthermore, in the event an Access Road is used for ingress and egress to Outside Lands, other than occasional or incidental use, Company shall pay Owner an additional one-time payment of [REDACTED] attributable to that portion of the Access Road used to access Outside Lands.

(d) Disposal Well. Any well for injection or disposal of drilling fluids and/or produced water associated with oil or gas drilling and production (a "Disposal Well") are not permitted by this Agreement, but Owner and Company agree to negotiate in good faith the terms of any agreement for a Disposal Well should Company wish to use the Lands for a Disposal Well.

(e) Central Facilities. Any compressor, processing facility or tank battery which serves lands in which Company owns an oil and gas leasehold interest outside of the Lands (a "Central Facility") are prohibited by this Agreement, but Owner and Company agree to negotiate in good faith the terms of any agreement for a Central Facility should Company wish to use the Lands for a Central Facility.

(f) Annual Rental. Beginning on the next occurring anniversary of this Agreement following Company's commencement of use of the Lands, Company shall pay an annual payment equal to [REDACTED] which is in use by Company at the time of the anniversary date of this Agreement ("Annual Rental"). In the event there are no Drill Site Locations being used by the Company at the anniversary date of this Agreement, but Company is utilizing Access Roads on the Lands, Company shall pay [REDACTED] being used by Company at the anniversary date of this Agreement. The Annual Rental shall be made within 30 days following the next occurring anniversary date of this Agreement, following commencement of surface operations by Company and shall cover the upcoming year.

Except for any additional compensation paid to Owner pursuant to Section 5 or Section 6(c), Owner agrees that the compensation paid to owner pursuant to this Section 2 constitutes full payment for the rights herein granted and all present and future normal and customary surface damages that may occur as a result of Company's operations on the Lands. In the event Company elects not to construct any Drill Site Location, Line, Road, on the Lands, no compensation pursuant to this Section 2 shall be paid to Owner.

### 3. Road Easement for Access Roads.

(a) Grant. Owner grants to Company a non-exclusive access easement ("Road Easement") on the Lands for the Access Roads for ingress and egress by Company and its employees, contractors, sub-contractors, agents, and business invitees as needed to conduct oil and gas operations as described in this Agreement. The Road Easement shall be approximately thirty (30) feet in width, being fifteen (15) feet on each side of the centerline. The Road Easement may be used to access Outside Lands, as defined herein. Company shall use existing roads to the extent available and shall only construct a new Access Road where an existing road is not available. All Access Roads shall run perpendicular or parallel to the section lines of the Lands only.

(b) Construction. Access Roads will be limited to approximately thirty (30) feet in width. Culverts shall be installed at ditch and drainage crossings when requested by Owner, in writing, where roads cross such ditches or drainages, and shall be sized to prevent obstruction to the free flow of the volumes of water being carried, inclusive of flood stages. Company shall protect all water sources and conveyance structures, including but not limited to the natural flow of creeks, wells, and ditches, from all operational activities and shall immediately remedy any diversion, curtailment, or blockage of water flows or contamination of water sources caused by Company's operations on the Lands.

(c) Cattle Guards, Gates and Fences. Upon Owner's written request, the Company shall construct cattle guards at all places where Company requires access through Owner's fences. Permanent gates shall be installed at each point where an Access Road intersects perimeter or cross fences. If Owner or Company chooses to lock any gate on an Access Road or an existing road being used by Company, keys shall immediately be provided to

the other party. Should Company damage any existing fences or gates, Company shall immediately repair the same to Owner's reasonable specifications at Company's own expense.

(d) No Public Use. The use and construction of any Access Roads shall not include a right of use by the public. Owner reserves the right to use all Access Roads for any purpose that does not unreasonably interfere with Company's operations.

(e) Maintenance. Company shall be responsible for maintaining all Access Roads and any existing roads utilized by Company, at Company's sole cost and expense, provided however, that Company may seek contribution for construction and maintenance costs from (i) Owner for any commercial use by Owner of any Access Road or existing road, or (ii) from any third party, in the event Owner grants such third party an easement or right of way covering, or otherwise authorizes such third party to use, any Access Road or existing road; provided, further, that such contribution shall not apply to any uses related to agricultural operations on the Lands.

#### 4. Easement for Lines.

(a) Grant. Owner grants to Company, its agents, employees, contractors, and subcontractors, a non-exclusive easement ("Line Easement") to construct, maintain, inspect, and operate Lines. The Line Easement may be used to transport oil, gas, other hydrocarbons, water, electricity and other substances to or from Outside Lands, as defined here. Any Line Easement which is more than thirty (30) feet from the exterior boundary of the Lands and which would be exclusively used to transport to or from Outside Lands is prohibited by this Agreement, but Owner and Company agree to negotiate in good faith the terms of any agreement for such Line Easement.

(b) Lines. All Lines will be buried a minimum of thirty-six (36) inches below the surface and Company shall, when reasonably practical, place all Lines in the same Line Easement and along and adjacent to existing roads and/or Access Roads. Company may install as many Lines in a Line Easement as it desires. The Lands disturbed during installation and maintenance of the Lines will be limited to approximately forty-five (45) feet in width, reverting to a permanent easement that is fifteen (15) feet in width upon completion of installation or maintenance operations.

5. Operations Outside the Lands. Owner acknowledges that Company now owns, or may in the future acquire, oil and gas leases covering lands other than the Lands (the "Outside Lands"). Owner further acknowledges that it may be prudent for Company, in Company's sole discretion, to use roads, pipelines (oil, gas, and water) and power lines that extend across both the Lands and the Outside Lands or install compressors or blowers that serve wells on both the Lands and the Outside Lands subject to the terms and conditions of this Agreement. Owner hereby grants Company the right to use the Lands, and any Drill Site Location, Line, or Access Road, constructed on the Lands, in connection with operations on Outside Lands subject to the terms and conditions of this Agreement. Company shall compensate Owner for any such use on the same terms and conditions set forth in this Agreement, provided however, that to the extent a Drill Site Location, Line, or Access Road is used in connection with operations on both the Lands and Outside Lands, Company shall be obligated to pay Owner for only one such usage.

#### 6. General Operational Requirements.

(a) Topsoil. In all operations conducted by Company on the Lands requiring the removal of soil, the topsoil will be separated from the subsurface soil and following the completion of operations, Company will place the topsoil and subsurface soil back in proper order and restore the surface of the Lands to its original condition and contour as nearly as practicable.

(b) Reclamation. Upon termination of this Agreement, Company shall commence operations and continue in a diligent manner to fully reclaim and re-seed areas to a condition as similar as is practicable to that existing prior to the commencement of Company's activities, or in accordance with any then applicable federal, state, or local laws and regulations. All reseeded shall be done on a timely basis by Company, taking into account the seasons and weather conditions with a seed mix that is appropriate for the Lands. All reclamation shall be done within six (6) months after the termination of this Agreement, season and weather

conditions permitting. Notwithstanding anything else to the contrary in this paragraph, in any event within the greater of six (6) months or the expiration of the current crop growing season after the termination of this Agreement, the Lands shall be restored to such a manner that normal and routine production agricultural can be supported on the affected lands.

(c) Damage to Lands. If, by reasons directly resulting from the operations of Company, there is damage to real or personal property upon the Lands, including, but not limited to, damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, the damage will be repaired or replaced by Company, or Company shall pay reasonable compensation to Owner for the damage or an amount equal to the reasonable costs to repair the damage taking into consideration any lost crop.

(d) Water Testing. Company shall have the right, but not the obligation, to test Owner's well water or other surface water located on the Lands prior to commencement of operations on the Lands or Outside Lands.

7. No Firearms. Company's employees, agents, contractors and/or other parties entering upon the Lands on Company's behalf shall not have firearms, archery equipment or trapping equipment in their possession on the Lands.

8. No Fishing or Hunting. Company's employees, agents, contractors and/or other parties entering upon the Lands on Company's behalf shall not hunt or fish on, or bring dogs onto the Lands.

9. Drugs/Alcohol. The use of drugs and/or alcohol while on the Lands by employees, agents, contractors and/or other parties entering upon the Lands on Company's behalf is strictly forbidden.

10. Nonexclusive Use. The rights of Company to use the Lands are nonexclusive, and Owner reserves the right to grant successive easements on or across the Lands on such terms and conditions as Owner deems necessary or advisable, provided they do not unreasonably interfere with the operations of Company.

11. Default and Termination. In the event of the failure by Company to timely make any payment required under this Agreement or to otherwise comply with any term of this Agreement, Owner shall notify Company in writing of the failure. Company shall have thirty (30) days after receipt of the notice to completely cure the default. Owner's failure to pursue any remedy for any particular default shall not act as a waiver of Owner's rights to pursue any other remedy for that default. The receipt and acceptance of any rent, payment, compensation, or royalty by Owner from Company shall not be construed as a waiver of any breach, default, or violation of this Agreement, or any oil and gas lease, whether the breach, default, or violation is known or unknown at the time of acceptance of payment by Owner. Company may make any disputed payment under protest with reservation of all rights.

12. Authority. Owner represents and warrants that Owner has the right, power, and authority to enter into this Agreement. Owner further represents that Owner is lawfully entitled to receive payments due under this Agreement, and that there exist no liens, judgments or other encumbrances pursuant to which third parties claim, may claim, or are entitled to such payments and Owner agrees to release, defend, and hold Company harmless for any breach of these representations.

13. Term. Rights granted by this Agreement shall continue in full force and effect until Company's leasehold estate covering the Lands (or the Outside Lands, to the extent a Drill Site Location, Line or Access Road is used in connection with operations on Outside Lands) expires or is terminated. Company ceases operations on the Lands (or the Outside Lands, to the extent a Drill Site Location, Line or Access Road is used in connection with operations on Outside Lands) under the terms granted herein, or Company has plugged and abandoned the well(s) and conducted all reclamation in accordance with this Agreement and applicable state rules and regulations, whichever is later; provided, however, that in the event the term of this Agreement is being perpetuated solely by operations on or in association with Outside Lands, no new Drill Site Locations, Access Roads, or Lines shall be constructed on the Lands, but the existing uses may continue subject to the terms and conditions of this Agreement.

Notwithstanding the foregoing, the release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement.

14. Indemnification. Company shall hold Owner harmless from all claims, actions, causes of action, expenses, and costs of every kind and character, including reasonable attorneys fees, for all damages or injuries of any kind to persons or property arising out of the conduct of its officers, employees, agents, contractors, invitees, and guests with respect to Company's operations on the Lands, except those claims resulting from the negligence or willful misconduct of Owner, or invitee or guest of Owner. Owner shall hold Company harmless from all claims, actions, causes of action, expenses, and costs of every kind and character, including reasonable attorney's fees, for all damages or injuries of any kind to persons or property arising out of the conduct of Owner, its invitees, and guests on the Lands, except those claims resulting from the negligence or willful misconduct of Company, its officers, employees, agents, contractors, invitees, and guests.

15. Miscellaneous.

(a) Definitions. The use of the terms "Owner" and "Company" in this Agreement shall be deemed to mean such party and its agents, employees, assigns, directors, managers, or successors in interest.

(b) Notice. All notices required by this Agreement shall be in writing and shall be served personally or by first-class mail, postage prepaid to the following:

If to Owner

The Skinner Family Joint Living Trust  
7535 South Telluride Court,  
Centennial, Colorado, 80016  
Phone: 303-680-9887

If to Company

Cascade Petroleum LLC  
1331 Seventeenth Street, Suite 400  
Denver, CO 80202  
Attn: Jason D. Dean  
Phone: (303) 407-6500

(c) Covenant Running with the Land. This Agreement is a covenant running with the land and the terms, conditions and provisions of this Agreement shall extend to and be binding upon the parties to this Agreement, their heirs, executors, administrators, successors, and assigns. This Agreement may be assigned in whole or in part by Company in conjunction with the assignment in whole or part of the underlying oil and gas lease.

(d) Recordable Instruments. Upon the request of Company, Owner shall execute and deliver any appropriate recordable Road Easements, Line Easements, or surface leases for Disposal Site Locations or Central Facilities located on the Lands pursuant to this Agreement; provided that such recordable documents do not convey or grant more rights than given by Owner to Company by this Agreement.

(e) Full Agreement. This Agreement, and the oil and gas lease covering the Lands, in the event the Owner owns a mineral interest in the Lands, supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of Owner and Company pertaining to the subject matters of this Agreement; provided that to the extent that any oil and gas lease would conflict with the terms of this Agreement that this Agreement shall control. No supplement, amendment, or alteration or modification of this Agreement shall be binding unless executed in writing by Owner and Company.

(f) Governing Law. This Agreement shall be interpreted according to the laws of the State of Colorado without regards to its conflict of laws principles.

(g) Intentionally omitted.

(h) Proportionate Reduction. Any compensation due to Owner under this Agreement shall be proportionately reduced based upon Owner's fee ownership of the surface of the Lands.

(i) Confidentiality; Memorandum of Agreement. Owner shall keep confidential this Agreement and shall not disclose a copy or the terms of this Agreement to any third party unless required to do so by law; provided, however, that the foregoing restriction shall not apply to disclosure by Owner to Owner's legal or tax advisors. Notwithstanding the foregoing, Owner shall provide a copy of this Agreement to any potential purchaser or transferee prior to the sale or transfer of all or any portion of the Lands. Owner authorizes Company, without the joinder of Owner, to record in the county in which the Lands are located a Memorandum of Surface Use Agreement providing notice to the public of the existence of this Agreement.

(j) Cooperation. Owner agrees that it will cooperate with Company in satisfying necessary permitting requirements related to the uses granted in this Agreement.

(k) Temporary or Permanent Structures. Owner agrees not to place or store any temporary or permanent structure, personal property or material of any kind, including but not limited to vehicles, farm equipment, hay or other crops, on any Drill Site Location or Disposal Site Location or the area disturbed by a Central Facility. Owner further agrees not to place or install any permanent structure on any Line Easement or Access Road, without Company's express written approval.

(l) Statutory/Regulatory Compliance. This Agreement shall be deemed to satisfy all local, state, and federal statutory and regulatory surface owner notice, consultation and accommodation requirements, including but not limited to, the notice and consultation requirements of Colorado Oil and Gas Conservation Commission Rules 305 and 306, and the obligation to reasonably accommodate Owner's use of the Lands under Colo. Rev. Stat. § 34-60-127, and Owner hereby waives any claims with respect thereto, except for actions to enforce this Agreement.

(m) Counterparts. This Agreement may be executed by in any number of counterparts, each which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

*[signature page follows]*

COMPANY

CASCADE PETROLEUM LLC

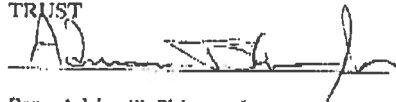


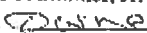
TR

By: M. Grant Farn  
Its: Vice President

OWNER

THE SKINNER FAMILY JOINT LIVING  
TRUST



By: Adrian T. Skinner, Jr.  
Its: 

AND  


By: Carolyn S. Skinner  
Its: \_\_\_\_\_



1331 17<sup>th</sup> Street, Suite 400  
Denver, CO 80202

Phone: 303-407-6500  
Fax: 303-407-6501

April 30, 2014

The Skinner Family Joint Living Partnership, dated December 14, 2011  
7535 South Telluride Court  
Centennial, Colorado 80016

Re: Surface Owner Notification of the Skinner 10S-56W-28-42 well, located in Lincoln County, Colorado.

Mr. and Mrs. Skinner:

Pursuant to Colorado Oil and Gas Conservation Commission ("COGCC") Rule 306, Cascade, hereby provides notice of the following:

1. Cascade intends to commence surface operations for the drilling of the Skinner 10S-56W-28-42 as an exploratory oil and/or gas well following approval by the COGCC of Cascade's Application for Permit to Drill, or within 120 days thereafter.
2. Cascade is presently the Operator of record with the COGCC for any and all operations associated with the Skinner 10S-56W-28-42.
3. The Skinner 10S-56W-28-42 surface hole location will be located in the SESE of Section 28 of Township 10 South, Range 56 West of Lincoln County, Colorado.
4. Pursuant to COGCC rules, the surface owner of the subject drill site is responsible for notifying any and all property tenants that may be affected by Cascade's operations.

Should you have any questions or concerns regarding this notice, or if you would like to discuss further, please feel free to contact the undersigned at (303) 407-6500 or via email at tritchie@cascadepetroleum.com. Otherwise, we kindly request that you execute the bottom portion of this letter acknowledging receipt of this notice as of the date indicated. Thank you for your time and cooperation in this matter.

Sincerely,

M. Todd Ritchie  
Landman  
Cascade Petroleum LLC

The Skinner Family Joint Living Trust, dated December 14, 2011

Adrian Thomas Skinner, Jr.

4-30-14  
Date

Carolyn Sue Skinner

4-30-14  
Date





1331 17<sup>th</sup> Street, Suite 400  
Denver, CO 80202

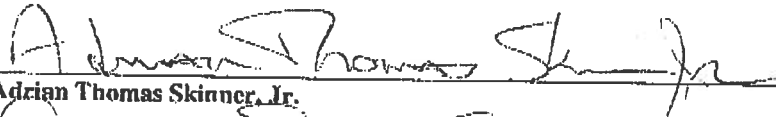
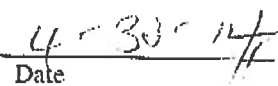
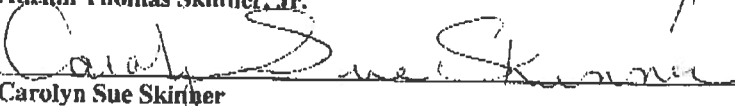
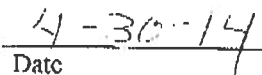
Phone: 303-407-6500  
Fax: 303-407-6501

April 30, 2014

Pursuant to the requirements of Colorado Oil and Gas Conservation Commission Rule 306, on, March 4, 2014, we, Adrian Thomas Skinner, Jr. and Carolyn Sue Skinner, acting on behalf of the Skinner Family Joint Living Trust dated December 14<sup>th</sup>, 2011, received consultation regarding the Skinner 10S-56W-28-42 well, to be located in the SESW of Section 28, Township 10 South, Range 56 West, 6<sup>th</sup> P.M. of Lincoln County, Colorado, with M. Todd Ritchie, of acting as Landman for Cascade Petroleum LLC.

**SURFACE OWNER**

**The Skinner Family Joint Living Trust, dated December 14, 2011**

	
Adrian Thomas Skinner, Jr.	Date
	
Carolyn Sue Skinner	Date