

**SURFACE USE, ACCESS AND RIGHT-OF-WAY AGREEMENT**

THIS SURFACE USE, ACCESS AND RIGHT-OF-WAY AGREEMENT, ("Agreement") dated effective this 15<sup>th</sup> day of December, 2005, is made by and between Jerry Gunderson, as authorized agent of Gunderson Ranch and as Personal Representative of the Estate of Edwin Gunderson, Jr., Deceased and as Personal Representative of the Estate of Norva A. Gunderson, Deceased, 60764 Salt Creek Road, Collbran, Colorado 81624, hereinafter referred to as "Owner," and Laramie Energy LLC, whose address is 1512 Larimer Street, Suite 1000, Denver, Colorado 80202, hereinafter referred to as "Laramie." Laramie is the successor to Strachan Exploration, Inc.

Whereas, Owner purports to own the surface of the following described property located in Mesa County, Colorado:

Township 9 South, Range 94 West, 6<sup>th</sup> P.M.  
Section 13: NW, NE, SW, W/2SE

(hereinafter called the "Property"); and

WHEREAS, Laramie intends to drill multiple wells from a surface location as agreed to by Owner and Laramie located in the NESW of Section 13, T9S, R94W.

Whereas, Owner and Laramie wish to memorialize their agreement concerning surface use and the payment for damages to the Property in connection with the drilling, construction, completion, recompletion, reworking, re-entry, production, maintenance and operation of the well(s), access roads, and all pipeline(s), tank batteries and other facilities on the Property by Laramie, its affiliates, successors or assigns.

Therefore, 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, Owner and Laramie agree as follows:

**Article I: Wells and Wellpad:**

A. Laramie shall have one surface location on the Property, (hereinafter called "Wellpad") which shall be located as more fully set forth on the Well Location Map attached to this Agreement as Exhibit "A" and made a part hereof by this reference. Except with the prior written permission of the Owner, (1) Laramie agrees to drill from such Wellpad only the oil and gas wells on the Property and surrounding properties as more fully depicted on said Exhibit "A" and (2) Laramie agrees to locate on such Wellpad any and all compressors and/or other oil and gas facilities placed on the Property, excepting pipelines and roads. This agreement shall limit compressors on the Property to 350 name plate horsepower or less, and does not authorize the placement of any gas treatment or gas processing facility on the Property, other than standard wellsite separation, artificial lift equipment, dehydration equipment and tank batteries.

B. The Wellpad shall be approximately three and one-half (3.5) acres to four (4) acres or less in size during drilling operations and reclaimed to a production area of 250 feet by 450 feet or less upon completion of drilling operations. In addition, Laramie may drill directionally from the Wellpad such that the bottom-hole may be located on fee or federal minerals outside the Property, but insofar and only insofar as those bottom hole locations are described on Exhibit "A." Exhibit "A" shows the bottom hole location on 40 acre down hole spacing, additional wells may be drilled due to down spacing or increased density drilling as approved by the COGCC.

C. Prior to the construction of the Wellpad, Laramie shall remove the top six inches (6") of topsoil and stockpile such topsoil within the confines of the Wellpad for future reclamation. Any trees that are larger than four inches (4") in diameter that are removed as a result of building each Wellpad, access road or pipeline shall be cut in lengths no greater than twenty four inches (24") and shall be delivered and stacked at a reasonable location agreed to by Owner and Laramie located on the Property.

D. Each reserve pit and blow pit shall be fenced by Laramie. Laramie shall install fencing around any equipment that requires the installation or construction of containment structures or berms to comply with safety regulations. Fencing shall be installed in such a manner to prevent domestic livestock from entering such fenced area.

E. Unless it is not possible to do so, Laramie will centralize production equipment at one location on the Wellpad. Laramie will use reasonable efforts to locate production and gathering facilities together with related pipelines and valves at the production equipment site and will install remote monitoring and control equipment in order to reduce vehicle traffic to and on the Wellpad. The Wellpad will be constructed as shown on the attached Exhibit "A-1" and made a part hereof by this reference.

## **Article II: New Road Access Construction:**

Laramie's access to the Property shall be limited to the proposed well pad access road illustrated on Exhibit "A" attached hereto and incorporated by reference (hereinafter the "Road") or any such substitute access road as mutually agreed on by the parties.

A. All equipment, vehicles and personnel related to operations on the Property shall access such lands through the Road or any substitute access road mutually agreed upon by the parties.

B. At Owner's option and upon reasonable written notice to Laramie, Owner may require Laramie to utilize one or more reasonable alternative access roads for any portion of oil and gas operations on the Property; such point(s) of entry and any necessary additional roads shall be constructed and maintained by Laramie. However, Laramie shall be permitted to use the Road identified on Exhibit "A" until another mutually agreeable access road has been constructed.

C. The Road will be built and graveled as agreed to by the Owner and Laramie. At Owner's request, Laramie will gate and keep locked at all times the Road to the Wellpad.

D. Laramie shall maintain the Road or any other road utilized by it on the Property, with an adequate crown and in good and passable condition. Laramie shall post twenty-five (25) miles

per hour speed limit signs on individual Roads, at sites mutually agreeable to Owner and Laramie and shall apply magnesium chloride to all roads used by Laramie at the request of the Owner to limit dust (Laramie shall not be required to apply magnesium chloride to any road more than three times per annum).

E. In accordance with the terms of this Agreement, Owner does hereby grant, bargain, convey and confirm unto Laramie, a non-exclusive easement and right-of-way, as limited herein, to construct, maintain, and remove the Road for ingress and egress across the Property to the Wellpad. The Road shall be constructed at the location identified on Exhibit "A". Laramie shall promptly provide Owner an "as built" survey of the Road constructed hereunder, which shall be recorded in Mesa County, Colorado at the Owner's option.

### **Article III: Pipelines:**

A. Pipeline routes shall be mutually and reasonably selected by Owner and Laramie based on topography, surface use, reclamation, distance and configurations of the pipeline routes. Access across the Property to compressor sites, gas facilities and water disposal facilities located off the Property shall be selected by said Owner and Laramie. Laramie will endeavor to accommodate any reasonable concerns or issues that Owner may have with the placement of and/or operation of any pipelines, however, Owner's consent to any pipeline route shall not be unreasonably withheld. Laramie shall be authorized to transport gas and water produced from other land through the pipelines located on the Property. To the maximum extent possible each pipeline shall be located in or adjacent to the Road in accordance with subparagraph B below or shall be located as reasonably close as possible to the boundaries of the Property (such as governmental section lines).

B. In accordance with the terms and limitations of this Agreement, Owner does hereby grant, bargain, convey and confirm unto Laramie a non-exclusive easement and right-of-way to lay, construct, maintain, operate, repair, replace, and remove pipelines, together with all necessary valves, connections, and fittings for the transportation of oil, gas, and produced water, and to erect, maintain and remove cathodic protection equipment on, over, under, through and across a strip of land fifty feet (50') in width centered on the adjacent road (the "Right-of-Way"). The Right-of-Way shall revert to twenty-five (25') feet in width after initial construction (with one side of the right-of-way lying along the centerline of the adjacent road). All pipelines shall be buried at least 48 inches below the surface of the ground.

C. Laramie shall promptly provide Owner a recorded "as built" survey plat of the pipelines which shall be recorded in Mesa County, Colorado at Owner's option.

### **Article IV: New Electric Power Lines Construction:**

A. Laramie may install electric power lines on the Property within the right-of-way of the Road or pipeline trench for the sole purpose of transporting and distributing electricity to Laramie's operations on the Property. The Owner shall have a right to connect to such electric power lines without participation fee or other charge, however, the Owner shall pay for their own connecting equipment and meters as well as for electricity used.

B. Electric power line routes within the Road or pipeline right-of-way shall be mutually and reasonably selected by Owner and Laramie based on topography, distance and configuration of electric power line routes, existing and anticipated future operations.

**Article V: Gravel, Stone and Water:**

This Agreement does not grant Laramie the right to use or remove gravel, stone, surface water nor well water from the Property unless agreed to by Owner.

**Article VI: Surface Consultation:**

Execution of this Agreement hereby specially waives the 30 day notice requirement contained in Rule 305 and satisfies the consultation requirement contained in Rule 306 of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission with respect to any and all wells drilled from this surface location.

**Article VII: Payments:**

A. All payments due hereunder shall be delivered to Owner at the address set forth in the recital above. In the event of a change of ownership relating to either the Property or the right(s) to receive any payment(s) hereunder, Laramie shall not be bound by same until it is furnished with satisfactory recorded evidence of said change of ownership. Further, Owner and Laramie acknowledge and accept that the provisions of this Agreement, including the rights to those payments contemplated hereunder, are covenants which touch and concern the Property and therefore run with the Property, and that none of the rights or obligations contained herein may be severed from the ownership of the Property. All payments made hereunder by Laramie shall always and only be payable to the respective owner(s) of the Property.

B. Laramie shall pay Owner as compensation for the Wellpad, the Road and any pipeline or power line rights-of-way in those amounts and upon those payment terms as mutually agreed upon by the parties and memorialized in a separate Letter Agreement of even date herewith.

C. The payments described in this Article VII shall constitute payment in full by Laramie and its affiliates for all normal damages, including, but not limited to, damages to growing crops, associated with the drilling, construction, completion, recompletion, reworking, re-entry, production, operation and maintenance of the wells on the Wellpad. Normal damages include, but are not limited to, reasonable and customary ingress, egress, rights-of-way, construction of the Road, preparation and use of the Wellpad, preparation and use of reserve pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, tank batteries and other equipment or facilities necessary or convenient for the production, transportation and sale of oil and/or gas therefrom, to the extent such construction and use complies with the terms of this Agreement.

**Article VIII: Noise:**

After initial construction of a well or facility, Laramie's operations on the Property shall not exceed 50 dB(A) Leq measured at a distance of 300 feet in any direction from the Wellpad,

facility or equipment. Except as modified hereby, Laramie will comply with all applicable noise regulations as required under the rules and regulations set forth by the COGCC or the Bureau of Land Management or other applicable regulatory body.

**Article IX: Interim Reclamation:**

A. The following areas shall be exempted from the interim reclamation requirements (except for weed control) set forth herein: i) the driving surface and bar ditches of the Road, and ii) the production area (not to exceed approximately 250 feet by 450 feet) at the Wellpad. Each acre of surface disturbance which is not included in the exempted areas and is no longer necessary for drilling operations shall be restored as near to its original condition as feasible by the Laramie in the following manner:

1. the disturbed area shall be ripped and recontoured to conform with existing grade and no recontoured slope shall exceed a grade of five linear feet to one foot in elevation;
2. weed free topsoil shall be replaced on the disturbed area to a quality and depth which meet its original condition, as near as practicable;
3. the disturbed area shall be revegetated utilizing a weed free seed mixture, application rate, timing and reseeding method pre-approved by the Owner; if vegetation comparable to the original condition of the site is not established, such reseeding shall be continued until such vegetation is established;
4. foreign substances and unnecessary equipment shall be removed from each disturbed area;
5. erosion resulting from Laramie's operations shall be adequately controlled and remediated; and
6. noxious weeds shall be fully and adequately controlled on such disturbed areas together with any adjacent areas on the Property to which such weeds have spread from disturbed areas. No foreign (from off the Property) soil or seed shall be used on the Property unless such soil or seed is certified as "weed free" by Laramie.

Such interim reclamation shall be commenced by Laramie within six (6) months (weather permitting) of the rig release from the Wellpad if another well is not commenced during such period.

**Article X: Final Reclamation:**

A. Except as consented to in writing by Owner, each well shall be plugged and abandoned by Laramie in accordance with the applicable law upon permanent cessation of production. Weather permitting, within thirty (30) days following the plugging and abandonment of each well, all surface equipment and surface appurtenances shall be removed by Laramie from the Property and all unreclaimed and/or unrevegetated areas previously disturbed by Laramie's operations shall be

reclaimed by Laramie in accordance with the standards set out in the Interim Reclamation Article above.

B. At least 30 days prior to reclamation of the Road or any portion thereof, Laramie shall provide Owner written notice of such roadway reclamation, which shall include a plat of the portion of the Road to be reclaimed. During the period prior to reclamation, Owner may elect to retain any such portion of the Road for ranch use by giving written notice to Laramie. Upon receipt of Owner's election to retain such portion of the Road, Laramie shall blade the Road into good and passable condition, and shall thereafter be relieved of its obligation to maintain and/or reclaim such portion of the Road.

#### **Article XI: Use And Enjoyment:**

Laramie's surface use pursuant to this Agreement shall be non-exclusive. Owner shall have to right to use the surface of the Property in any manner which does not unreasonably interfere with Laramie's operations, including without limitation, construction, installation and use of roads, utilities, ditches, wells, irrigation and water impoundment structures, trails, fences and buildings. Further, Owner retains the exclusive right to grant rights-of-way, easements, rights to surface use to parties other than the Laramie; Owner retains the exclusive right to grant hunting and fishing rights, and Owner agrees not to construct water impoundments or structures which would interfere with Laramie's actual surface use.

#### **Article XII: Gates and Fences:**

A. In the event parties other than Laramie and Owner have access over any private road located on the Property, Laramie agrees to construct and maintain, in good condition, four strand smooth wire fences at the outer edge of the bar ditch on each side of such road, in a manner that permits the reasonably safe and natural passage of wildlife across the Property.

B. Laramie shall promptly restore all fences which may have been damaged by Laramie's operations on the Property to as good a condition as such fences were prior to such operation. When any fence upon the Property is required to be opened, such opening shall not be left unattended without a good and sufficient gate or fence capable of turning domestic livestock. All permanent openings in fences shall be reinforced by installing "H" braces six feet (6') in width, which are constructed of wooden posts at least six inches (6") in diameter on both sides of such opening prior to cutting the fence, which shall be attached to the "H" braces.

C. Laramie shall install and maintain in good condition, at Laramie's expense, a sixteen (16) foot gate, "H" braces (as described above) and adequate fences across and adjacent to private roads on the Property to prevent third party vehicles from entering the Property at the point the Road enters the Property from adjacent public or private lands and at each point the Road constructed hereunder intersects a road utilized for public access across the Property. Laramie agrees to install a cattle guard at each point where fences cross roads and to construct fences adequate to prevent driving around such gates. The foregoing requirement shall be applicable only in those instances where Laramie utilizes such roads for its operations.

D. Laramie agrees that such gates, cattle guards, "H" braces, and fences shall be maintained by Laramie in good and operable condition and that all private, exterior gates, together with any other gate designated by Owner from time to time, shall be locked at all times (except when being used for passage of equipment, vehicles, personnel or when a gate guard is posted).

E. Under no circumstance will Laramie be required to block public access or lock gates on any public access road that crosses the Property. In the event such public access is inconsistent with the requirements of this Article XII, Laramie and Owner agree to utilize all reasonable means to bring public access into compliance with the terms and conditions set out in Article XII.

#### **Article XIII: Prohibited Non Oil and Gas Activities:**

Laramie shall not permit its agents, employees, contractors, subcontractors, or service company personnel to possess or use drugs or alcohol or carry firearms, archery equipment, wildlife calls, weapons, spotting, optical or night vision equipment (other than as required for oil and gas operations), or to bring dogs or other animals on the Property. Nor shall Laramie permit such persons to bring friends or family onto the Property nor to picnic, barbecue, transport firewood, cut Christmas trees, hunt or injure wildlife, nor remove pine nuts, artifacts or other non-oil and gas materials from the Property.

#### **ARTICLE XIV: Monitoring of Laramie Operations:**

All exterior gates on the Property shall be kept locked. Owner may utilize a separate lock for its locks to the Road and gates on the Property, however, neither party shall lock each other out of the Property. Laramie will quarterly provide the Owner with an updated written list of each individual and entity in possession of such access key. Laramie will provide Owner a twenty-four hour/seven day a week emergency contact number. Further, Laramie agrees not to permit nor authorize entry onto the Property by any person who is not required to conduct its oil and gas operations on the Property.

#### **ARTICLE XV: Livestock:**

Laramie agrees to pay the fair market value for all domestic livestock killed or injured by its operations on the Property. In the event Laramie requires an animal autopsy or other scientific evidence prior to reimbursing the Owner for livestock loss, Laramie will secure and pay for such investigation and obtain any required analysis, which shall be provided to the Owner.

#### **ARTICLE XVI: Indemnification:**

Without limiting Owner's rights or Laramie's obligations herein, Laramie agrees to defend, indemnify and hold Owner harmless against any and all loss, damage, claims or liabilities arising from or in any manner connected with Laramie's operations or the operations of Laramie's agents, contractors or subcontractors hereunder.

#### **ARTICLE XVII: Compliance With Laws and Construction:**

Laramie shall conduct its operations in a manner which fully complies with applicable federal,

state or local statutes, laws, ordinances, rules, regulations and shall comply with lease terms and stipulations set forth in the oil and gas lease between Laramie and Owner, if any, except when prior written consent of the Owner is obtained. This Agreement shall be construed in accordance and subject to the laws of State of Colorado and subject to the jurisdiction of the Colorado Courts.

**ARTICLE XVIII: Memorandum of Agreement:**

Owner and Laramie will jointly execute a Memorandum of this Agreement for the purpose of placing third parties on notice of this Agreement.

**ARTICLE XIX: Integration:**

The matters set forth herein comprise the complete agreement between the parties. All verbal discussions and prior writings between the parties related to the negotiation of this Agreement shall be merged herein.

The terms, conditions and provisions hereof shall extend to and be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto.

EXECUTED this 15<sup>th</sup> day of December, 2005 (the "Effective Date").

**OWNER**

Gunderson Ranch

By:   
Jerry Gunderson, authorized agent

Estate of Edwin Gunderson, Jr., Deceased

By:   
Jerry Gunderson, Personal Representative

Estate of Norva A. Gunderson, Deceased

By:   
Jerry Gunderson, Personal Representative

**LARAMIE:**

Laramie Energy LLC

By:   
Kenneth G. Leis, Attorney-in-Fact



STATE OF COLORADO )  
 )  
COUNTY OF MESA )

The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of December 2005 as authorized agent of Gunderson Ranch and as Personal Representative of the Estate of Edwin Gunderson, Jr., Deceased and as Personal Representative of the Estate of Norva A. Gunderson, Deceased, personally known to me who acknowledged before me that he executed the foregoing instrument for the uses and purposes set forth herein.

WITNESS my hand and seal.

My Commission Expires:

07-05-2009



*Orlando L. Romero*  
Notary Public

STATE OF COLORADO

My Commission Expires 07/05/2009  
)  
)

COUNTY OF MESA

The foregoing instrument was acknowledged before me on this 15<sup>th</sup> day of December 2005 by Kenneth G. Leis, Attorney-in-Fact for Laramie Energy LLC, a Delaware limited liability company on behalf of said company.

WITNESS my hand and seal.

My Commission Expires:

07-05-2009



*Orlando L. Romero*  
Notary Public

My Commission Expires 07/05/2009