

SURFACE USE AGREEMENT
(Secord 17U-34-6 #2 & Secord 17U-34-6 #3)

This Surface Use Agreement ("Agreement") is effective the 30th day of November, 2017 ("Effective Date"), between Scott Hubner, Member of Ironside LLC, an Arizona Limited Liability Company ("Landowner" whether one or more), with a mailing address of 7331 E. Diamond Street, Scottsdale, AZ 85257 and BP America Production Company, a Delaware corporation, ("BP") with an office at 380 Airport Road, Durango, Colorado 81303. Landowner and BP are sometimes referenced in the Agreement individually as a "Party" and collectively as the "Parties".

Landowner owns the surface estate in a tract of land in La Plata County, Colorado, more particularly described as ("Property"):

See Exhibit "A" for legal description, attached hereto and incorporated herein by reference.

BP is the owner of certain rights in one or more oil and gas leases underlying the Property and is the operator of the Secord Unit ("Unit"). The Property is located wholly or partially within the Unit boundaries and BP has plans to drill Unit wells, the Secord 17U-34-6 #2 and Secord 17U-34-6 #3 wells ("Wells"), from a surface location on the Property.

Landowner and BP have engaged in a discussion of BP's plan for the drilling and operation of the Well on the Property, and the Parties now desire to enter into this Agreement principally in order to clarify BP's plan.

In consideration of the promise by BP to pay a certain sum of money to Landowner (the amount of which is set forth in a side letter agreement) to be paid at the time of construction and in consideration of the covenants contained in this Agreement, the Parties agree as follows:

A. Landowner Matters:

1. Monetary Payment. Landowner agrees that the recited payment constitutes (i) full payment for all current and future surface damages that may occur to the Property as a result of BP's operations and (ii) consideration for any rights granted herein by Landowner.
2. Landowner Use of Drillsite. BP will have exclusive use of the Drillsite, as defined below, at all times. Landowner shall not use the Drillsite for storage or any other purpose except that Landowner may traverse a portion of the Drillsite to access National Forest lands via a route mutually agreed to by BP and Landowner.
3. Permission to Raise, Move and Install Utility Lines. Landowner hereby grants permission for La Plata Electric Association ("LPEA") to raise, move and install utility lines on the Property if and when requested by BP in connection with the Well. Landowner agrees to execute utility easements provided by LPEA as may be requested in order to comply with this provision.
4. Setback of Buildings from BP Well Facilities. Landowner agrees to comply with all applicable local, state and federal laws, rules and regulations pertaining to distance setbacks between the Well and Well facilities, any future homes, buildings (including portable buildings) and other habitable structures located on the Property. Regardless of such setback distance requirements, Landowner agrees that all such future structures will be located a minimum distance of at least 200 feet away from the Well and any of the associated wellhead equipment, pipelines and facilities. Landowner waives any and all setback standards or similar requirements under any applicable state regulation or County or other local code, with respect to residential structures currently existing on the Property.
5. Waiver of Notice and Consultation. Landowner waives the right to receive any notices set forth in COGCC Rule 305, and Landowner further waives the right to the Drilling Consultation set forth in COGCC Rule 306.a. Landowner acknowledges the receipt from BP of the information brochure for surface owners described in the COGCC Rules. Landowner acknowledges and agrees that BP has complied with all notice and consultation requirements of COGCC Rules 305 and 306. Landowner also waives the

Rtn: BP America
380 Airport Rd.
Durango, CO 81303

right to receive notices under any applicable County or other local code, in connection with the matters addressed in this Agreement.

6. Landowner Use of Property. Landowner acknowledges that this Agreement is deemed to fully satisfy any obligation of BP to accommodate, whether under statute or common law, Landowner's use or legally potential use of the surface of the Property.

B. BP Matters:

1. Drillsite. BP estimates that the surface area that will actually be disturbed for the drill site of the Well ("Drillsite") will be up to approximately 1.89 acres which shall include the existing drill site of the Secord 17U-34-6 #1 well and the additional expected disturbed area for the Wells. The Drillsite will be located approximately as shown on attached Exhibit "B".
2. Excess Material. BP may store material (e.g., soil and gravel) excavated from the Property on the Drillsite to be used for construction and reclamation of the Drillsite. BP also may import material from off of the Property for construction and reclamation of the Drillsite. After constructing the Drillsite, should BP determine that there is material in excess of what is required for reclamation and which can reasonably be stored on the Drillsite, then BP may deliver said excess material to a location on the Property that is mutually acceptable to BP and Landowner. Any such excess material so delivered shall become the sole responsibility of Landowner, and BP shall have no further responsibility for said excess material. Should a mutually acceptable location on the Property not be found, then BP may remove such excess material from the Property.
3. Firewood. Should BP cut down or trim any trees on the Property during its operations and should Landowner so desire, BP will cut wood greater than 4 inches in diameter into firewood ranging from 12 to 18 inches in length and place such firewood in a pile (not stacked) just off of the Drillsite, road or pipeline route, as BP deems appropriate for Landowner's use. In BP's sole discretion, it may purchase firewood to satisfy the foregoing firewood obligation. All wood less than 4 inches in diameter will be chipped and spread on the Drillsite, access road, reclamation areas or pipeline route, as BP deems appropriate. Firewood will not in any case be split for the Landowner. Any such wood not requested to be cut into firewood by Landowner will be buried or chipped and spread on the Drillsite, access road, reclamation areas or pipeline route, as BP deems appropriate.
4. Survey Plats. Upon Landowner's request in writing, BP will provide to Landowner a copy of any survey plat obtained by BP depicting the Drillsite or any access roads, pipelines or facilities on the Property.
5. Recording of Agreement. BP may record this Agreement in the records of La Plata County, Colorado. BP may also, in its sole discretion and without the joinder of Landowner, execute and record from time to time written declarations with accompanying survey plats, and any amendments to same, for the purpose of locating and describing the Drillsite, access roads, pipelines and other Well facilities.
6. Maintenance and Repair of Access Roads. BP will reasonably maintain any existing roads that are used by BP on the Property in their pre-existing condition or better, in BP's sole discretion. BP will maintain any new roads that may be constructed by BP on the Property to BP's standards. BP will make all necessary repairs to the roads caused by BP's use. However, BP will not be required to snow plow or otherwise clear any road of snow.
7. Burial of Pipelines. BP will, to the extent reasonably practicable, bury all water and gas pipelines to a minimum depth of 36 inches below the surface at the time of installation, unless subsurface conditions such as rock prohibit the installation of the line to that depth at a reasonable cost.

8. Reclamation.

- a. Initial Construction. After the drilling and completion of the Well, and the construction of any associated facilities such as the well pad, access roads and pipelines, those areas of land that BP will not use for continuing production operations will be reclaimed as required in applicable rules and regulations. Reclamation will be performed within a reasonable amount of time after completion and first delivery of the Well and construction of any associated facilities, recognizing practical limitations of weather and season. BP does not guaranty seed germination.
 - b. Subsequent Surface Disturbance. All subsequent disturbances by BP to areas reclaimed under the preceding paragraph will be similarly reclaimed by BP within a reasonable amount of time, recognizing practical limitations of weather and season.
 - c. Final Abandonment. Any areas disturbed by BP, and which are required to be reclaimed, will be reclaimed by BP in accordance with applicable rules and regulations, unless Landowner desires that the roads and Drillsite remain in their then present condition and regulatory approval for same is obtained.
9. Indemnification. BP agrees to indemnify, defend and hold Landowner harmless from and against any and all expenses, losses or damages resulting from or relating to BP's operation and maintenance of the Well, facilities, access roads and pipelines; provided, however, BP will not indemnify, defend and hold Landowner harmless from such expenses, losses or damages to the extent resulting from or relating to, in whole or in part, the negligence or willful misconduct of Landowner or Landowner's employees, contractors, guests or invitees.
10. Temporary Parking. Landowner agrees that during times of construction or other significant work, BP may park vehicles in areas near the work site or along roads.

C. General Provisions:

1. Term. This Agreement is effective as of the Effective Date and will continue until (i) all oil and gas leases underlying the Unit expire, (ii) production from the Well and any additional wells producing from the Unit have permanently ceased and are permanently plugged and abandoned, (iii) any compressor on the Property is no longer being used and (iv) any Salt Water Disposal well in the Unit has ceased being used and is plugged and abandoned. After expiration, BP will have a reasonable period of time within which to remove such Well equipment and facilities from the Property as it deems appropriate or as required by applicable rules and regulations.
2. No Waiver of Other Rights. With the exception of those duties and obligations that each Party has specifically agreed to assume and perform in this Agreement, those duties and obligations which have been confirmed or clarified in this Agreement and the rights specifically granted to, waived or relinquished by a Party in this Agreement, this Agreement will not be construed to waive or relinquish any Party's legal rights in, to or under the Property, including but not limited to rights of access or other reasonable surface use, now owned or hereafter acquired by a Party under any oil and gas lease or other agreement or instrument pertaining to the Property. Nor does this Agreement, subject to the foregoing exceptions, waive the rights of either Party under any applicable laws, rules or regulations pertaining to the Property.
3. No Application to Other Wells. The rights, duties and obligations of the Parties and other confirmatory or clarifying matters regarding the Well and its related facilities in this Agreement pertain only to the Well, except that roads, pipelines and facilities may be utilized for other wells. This Agreement is not intended to, and will not be interpreted to, apply to any other well that may now be located or hereafter be drilled within the Unit, whether or not located on the Property. Each Party retains all of his/her/its legal rights with respect to such other well or wells,

including, but not limited to, those legal rights referenced in the preceding paragraph.

4. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties and their respective heirs, successors and assigns. In addition, BP and any successor Well Operator may assign this Agreement to successive Operators of the Well. Assignment of this Agreement by either Party will act to terminate the assigning Party's duties, obligations and liabilities under this Agreement from and after the date that the non-assigning Party receives a true copy of the assignment, with the exception of any indemnity or monetary obligations accruing prior to such date.
5. Applicable Law. This Agreement will be interpreted under the laws of the state of Colorado.
6. Entire Agreement. This Agreement contains the final agreement, clarifications and confirmations of the Parties as to the matters addressed, and supersedes any and all prior oral or written negotiations, understandings and agreements regarding the Well and its related facilities, roads and pipelines. Except with respect to matters described below, this Agreement may not be modified unless the modification is in writing and is signed by Landowner and an authorized representative of BP.
7. Further Assurance. The Parties agree, at any time and from time to time, upon the reasonable request of either Party and without additional payment, to take or do all such further acts and things, and furnish and deliver all such further documentation and material (including any document or instrument requested by local, state or federal authorities) which, in the opinion of the requesting Party, may be necessary or useful in carrying out the purposes of this Agreement.
8. Regulatory Conditions. If BP is required by any regulatory agency as a condition of approval to either change the location of the well to be drilled or the configuration of the Drillsite, Landowner agrees that BP may unilaterally amend this agreement to conform to the new location(s) and/or configuration(s) as approved by the regulatory agency.
9. Counterparts. This Agreement may be executed in two or more original counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Electronically scanned or facsimile copies are acceptable.
10. Side Letter Agreement. This Agreement is subject to the terms of a Side Letter Agreement ("SLA") dated November 30, 2017, by and between Landowner and BP the terms of which are fully incorporated herewith.

This Agreement is executed by the Parties on the dates appearing in the acknowledgements below, but this Agreement is effective as of the Effective Date.

Landowner

By: 

As: SUE / MANAKIN MEMPHIS
IRONWOOD, LLC

BP America Production Company

By: 

Debra Bacon, Attorney-In-Fact

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Exhibit A

PARCEL I: A TRACT OF LAND LOCATED IN THE NW1/4SE1/4 AND THE NE1/4SE1/4 OF SECTION 18U, AND THE NW1/4SW1/4 OF SECTION 17U, ALL IN TOWNSHIP 34 NORTH, RANGE 6 WEST, N.M.P.M., AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE EAST 1/4 CORNER OF SAID SECTION 18U, A BRASS CAP; THENCE SOUTH 87 DEGREES 28 MINUTES 37 SECONDS EAST, A DISTANCE OF 1317.04 FEET TO A FENCE CORNER; THENCE SOUTH 00 DEGREES 07 MINUTES 19 SECONDS WEST, A DISTANCE OF 788.26 FEET TO A FENCE CORNER; THENCE WEST A DISTANCE OF 3205.43 FEET; THENCE SOUTH A DISTANCE OF 297.66 FEET; THENCE WEST A DISTANCE OF 725.18 FEET TO A POINT ON THE WEST LINE NW1/4SE1/4 OF SAID SECTION 18U; THENCE NORTH 00 DEGREES 09 MINUTES 29 SECONDS EAST A DISTANCE OF 1172.00 FEET ALONG THE WEST LINE OF SAID NW1/4SE1/4 TO THE CENTER 1/4 CORNER OF SAID SECTION 18U; THENCE SOUTH 88 DEGREES 56 MINUTES 44 SECONDS EAST A DISTANCE OF 2813.69 FEET ALONG THE NORTH LINE OF THE NW1/4SE1/4 AND THE NE1/4SE1/4 OF SAID SECTION 18U TO THE POINT OF BEGINNING; LESS AND EXCEPT ALL THAT PART OF THE FOLLOWING DESCRIBED TRACT LYING AND BEING WITHIN THE N1/2SE1/4 OF SECTION 18U AND THE NW1/4SW1/4 OF SECTION 17U, TOWNSHIP 34 NORTH, RANGE 6 WEST, N.M.P.M., LA PLATA COUNTY, COLORADO, SAID TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE EAST 1/4 CORNER, A BRASS CAP, OF SAID SECTION 18U; THENCE SOUTH 87 DEGREES 28 MINUTES 37 SECONDS EAST, A DISTANCE OF 1317.04 FEET TO A FENCE CORNER; THENCE SOUTH 00 DEGREES 07 MINUTES 19 SECONDS WEST, A DISTANCE OF 632.34 FEET ALONG A FENCELINE; THENCE NORTH 80 DEGREES 45 MINUTES 45 SECONDS WEST, A DISTANCE OF 3247.84 FEET; THENCE WEST A DISTANCE OF 722.64 FEET TO A POINT ON THE WEST LINE NW1/4SE1/4 OF SAID SECTION 18U; THENCE NORTH 00 DEGREES 09 MINUTES 29 SECONDS EAST, A DISTANCE OF 217.08 FEET ALONG THE WEST LINE OF SAID NW1/4SE1/4 TO THE CENTER 1/4 CORNER OF SAID SECTION 18U; THENCE SOUTH 83 DEGREES 56 MINUTES 44 SECONDS EAST, A DISTANCE OF 2613.69 FEET ALONG THE NORTH LINE OF THE NW1/4SE1/4 AND THE NE1/4SE1/4 OF SAID SECTION 18U TO THE POINT OF BEGINNING. TOGETHER WITH ROADWAY AND ACCESS EASEMENTS AS SHOWN IN INSTRUMENTS RECORDED APRIL 13, 1981 UNDER RECEPTION NO. 454508 AND RECORDED OCTOBER 17, 1998 UNDER RECEPTION NO. 569372 AND RECORDED JANUARY 12, 1989 UNDER RECEPTION NO. 573348.

PARCEL II: A TRACT OF LAND LOCATED IN THE SW1/4SE1/4 AND THE NW1/4SE1/4 OF SECTION 18U, TOWNSHIP 34 NORTH, RANGE 6 WEST, N.M.P.M., AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT A POINT ON THE WEST LINE OF SAID SW1/4SE1/4, FROM WHICH POINT THE SOUTH 1/4 CORNER, A BRASS CAP, BEARS SOUTH 00 DEGREES 09 MINUTES 29 SECONDS WEST, A DISTANCE OF 927.26 FEET; THENCE NORTH 00 DEGREES 09 MINUTES 29 SECONDS EAST, A DISTANCE OF 422.37 FEET ALONG THE WEST LINE OF SAID SW1/4SE1/4 TO THE NW CORNER OF SAID SW1/4SE1/4; THENCE NORTH 00 DEGREES 09 MINUTES 29 SECONDS EAST, A DISTANCE OF 177.63 FEET ALONG THE WEST LINE OF SAID NW1/4SE1/4; THENCE EAST A DISTANCE OF 725.18 FEET; THENCE SOUTH A DISTANCE OF 600.00 FEET; THENCE WEST A DISTANCE OF 726.84 FEET TO THE POINT OF BEGINNING. TOGETHER WITH ROADWAY AND ACCESS EASEMENTS AS SHOWN IN INSTRUMENTS RECORDED APRIL 13, 1981 UNDER RECEPTION NO. 454509 AND RECORDED OCTOBER 17, 1998 UNDER RECEPTION NO. 569372 AND RECORDED JANUARY 12, 1989 UNDER RECEPTION NO. 573348.

PARCEL III: A TRACT OF LAND LOCATED IN THE SW1/4SE1/4, THE NW1/4SE1/4 AND THE NE1/4SE1/4 OF SECTION 18U AND IN THE NW1/4SW1/4 OF SECTION 17U IN TOWNSHIP 34 NORTH, RANGE 6 WEST N.M.P.M., MORE PARTICULARLY DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTH 1/4 CORNER OF SAID SECTION 18U, A BRASS CAP; THENCE NORTH 00 DEGREES 09 MINUTES 29 SECONDS EAST, A DISTANCE OF 927.26 FEET ALONG THE WEST LINE OF THE SW1/4SE1/4 OF SAID SECTION 18U; THENCE EAST A DISTANCE OF 726.84 FEET; THENCE NORTH A DISTANCE OF 897.66 FEET; THENCE EAST A DISTANCE OF 3205.43 FEET TO A POINT IN A FENCELINE IN THE NW1/4SW1/4 OF SAID SECTION 17U; THENCE SOUTH 00 DEGREES 07 MINUTES 19 SECONDS WEST, A DISTANCE OF 513.58 FEET TO A FENCE CORNER; THENCE NORTH 89 DEGREES 38 MINUTES 44 SECONDS WEST, A DISTANCE OF 1323.69 FEET TO THE SOUTHWEST CORNER OF THE NW1/4SW1/4 OF SAID SECTION 17U; THENCE NORTH 89 DEGREES 20 MINUTES 18 SECONDS WEST, A DISTANCE OF 1303.25 FEET ALONG THE SOUTH LINE OF THE NE1/4SE1/4 OF SAID SECTION 18U TO THE SOUTHWEST CORNER OF SAID NE1/4SE1/4; THENCE SOUTH 00 DEGREES 18 MINUTES 25 SECONDS WEST, A DISTANCE OF 1340.65 FEET ALONG THE EAST LINE OF THE SW1/4SE1/4 OF SAID SECTION 18U TO THE SOUTHEAST CORNER OF SAID SW1/4SE1/4; THENCE NORTH 89 DEGREES 44 MINUTES 00 SECONDS WEST, A DISTANCE OF 1299.73 FEET ALONG THE SOUTH LINE OF SAID SW1/4SE1/4 TO THE POINT OF BEGINNING. TOGETHER WITH ROADWAY AND ACCESS EASEMENTS AS SHOWN IN INSTRUMENTS RECORDED APRIL 13, 1981 UNDER RECEPTION NO. 454507 AND RECORDED OCTOBER 17, 1998 UNDER RECEPTION NO. 569372 AND RECORDED JANUARY 12, 1989 UNDER RECEPTION NO. 573348.



<ul style="list-style-type: none">● Proposed Well--- Flowlines□ Pad▨ Reclaim▩ Soil_Storage▭ TUA	<p>LAND TYPE: FEE LAT: 37.187725 N LONG: 107.528549 W SW¼ SEC 17, T34N R 06W</p> <p>1:720</p> <p>0 60 120 Feet</p>	<p>N</p>	<p>DISCLAIMER: This general arrangement drawing (GAD) has been generated for a preliminary discussion of a proposed access road, pipeline, derrick or other type of facility. The location and arrangement thereof are approximate and subject to change at any time whether due to on-the-ground surveys, regulatory requirements or (without limitation) other factors. Preliminary plans do not reflect cut and fill slopes and are subject to change as data is acquired. This GAD is confidential and its duplication or distribution requires written permission from BP America Production Company.</p>			<p>BP America San Juan North Durango, CO</p>	
			<p>SECORD 17U-34-6 2 & 3 General Arrangement Design</p>				
			<p>11/2/2017</p>	<p>SCALE AS NOTED</p>	<p>PROJ #</p>	<p>La Plata County, Colorado</p>	
			<p>DB</p>	<p>ENGINEER</p>	<p>FILE</p>	<p>REV 0</p>	