

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT is made and entered into as of July 26, 2013 and is by and between Richmark Real Estate Partners, LLC, a Colorado limited liability company, whose address is 5200 W 20th Street, Greeley, Colorado 80634 (“Richmark”), on the one hand, and Mineral Resources, Inc., a Colorado corporation with an address of P.O. Box 328, Greeley, Colorado 80632 (“Mineral Resources”).

RECITALS

A. Richmark is the sole owner in and to the surface of a parcel of land in Weld County, Colorado, as described in Exhibit “A” attached hereto and made a part hereof is located (the “Property”).

B. Richmark represents that it owns the Property and that the Property is free and clear of liens and claims, except the current year taxes and assessments; subject to those matters which appear of record in the Clerk and Records Office, Weld County, Colorado, matters which may be revealed by survey and inspection and zoning, subdivision and other use regulation of the City of Greeley, Colorado.

C. Mineral Resources represents that it is a registered oil and gas Operator in Colorado and owns leasehold interests in minerals that can be accessed and developed by drilling a well from the Property.

D. Mineral Resources and Grantor have agreed upon the terms of this Agreement pursuant to which Mineral Resources has drilled and may drill additional oil and gas wells on the surface of the Property with bottom hole locations as provided in this Agreement.

E. This Agreement and the location of well facilities depicted on Exhibit B comply with the rules and regulations of the COGCC as existing on the date of this agreement and the parties are relying upon such rules in entering into this agreement.

F. The parties enter into this Agreement in order to minimize the surface impact to and to protect the value of the surface estate owned by Richmark by providing for a multi-well pad site and to permit Mineral Resources to develop the oil and gas reserves underlying and adjacent to the Property.

NOW, THEREFORE, in consideration of the premises, the payments made and to be made hereunder, the mutual covenants contained herein and for other good and valuable consideration, Richmark and Mineral Resources agree as follows:

1. The Recitals set forth above are incorporated in this Agreement as though fully restated in this Paragraph 1.

2. Mineral Resources may use the surface of the Property to conduct oil and gas operations, including, without limitation, to drill, complete, operate, frac and refrac, rework, redrill, recomplete, deepen, and maintain oil and gas wells and to obtain easements for and install and maintain flow lines and pipelines. The parties specifically agree that the wells drilled on the Property pursuant to this Agreement may have bottom hole locations under lands other than the Property.

3. The wellheads, production facilities, vapor recover and flare units, tanks, separators and other equipment to be utilized by Mineral Resources in connection with the oil and gas wells that it has drilled and may drill on the Property pursuant to this Agreement ("Equipment") will be located generally as depicted on Exhibit B attached hereto and made a part hereof and this Agreement expressly governs the locations of wells and production facilities on the surface estate. The location of flow lines and pipelines shall be determined at a subsequent date.

a. Richmark and Mineral Resources recognize and agree that in order to minimize surface impact to and to protect the value of the surface estate and to allow Mineral Resources to conduct oil and gas operations on the Property, Mineral Resources will comply with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") existing as of the date of mutual execution of this agreement and that the agreed upon locations depicted herein comply with all safety requirements of the COGCC rules.

b. If Mineral Resources is not able to locate the Equipment or any additional Equipment at the exact locations depicted on Exhibit B the locations may be modified as appropriate.

4. Richmark and Mineral Resources agree that the Property may be used by Mineral Resources to conduct any oil and gas operations that may be reasonably necessary, useful or convenient for the production of oil and gas from the surface of the Property.

5. In consideration of this Agreement, Mineral Resources agrees to pay Richmark the following payments:

a. A one time surface damage payment of _____ per well for each well that is drilled on the Property. The payment will be made by Mineral Resources to Richmark, which represents that there are no other persons or entities entitled to any portion of the payments to be made on a well by well basis to Richmark, prior to the commencement of the wells on a well-by-well basis.

b. An amount equal to _____ of the proceeds actually received by Mineral Resources from time to time from the production of oil, gas and associated hydrocarbons from each well; after deducting the cost and expenses of gathering, transporting and processing of gas and oil to the extent necessary to deliver to a pipeline or pipeline carrier marketable gas or oil incurred and paid by Mineral Resources.

6. This Agreement shall remain in full force and effect for a term of twenty-five (25) years from the date of execution hereof or so long as any of the wells drilled on the Property is producing oil and/or gas and associated hydrocarbons in “paying quantities”, whichever is greater. For the purposes of this Agreement, “paying quantities” means on a well-by-well basis, proceeds from production exceed the lease operating expenses on a month to month basis and that no well shall be considered not to be producing in paying quantities unless and until lease operating expenses exceed revenues for a period of six consecutive months of actual production.

7. Mineral Resources covenants and agrees to pay all of the costs and expenses attributable to the oil and gas wells that are drilled on the Property pursuant to the terms of this Agreement to include and not being limited to the design, construction, surveying, leveling, demolition and construction, topsoil removal storage and restoration, road construction and maintenance, fencing, weed control and any other costs and expenses related or incurred in connection with the development, construction, operation and maintenance of the Property for the purposes of this Agreement and the wells to be drilled pursuant to this Agreement.

a. With respect to fencing, Mineral Resources will comply with the fencing requirements, if any, of the City of Greeley, Colorado or any other governmental agency with jurisdiction of the Mineral Resources oil and gas operations on the Property and as reasonably requested by Richmark.

b. Mineral Resources covenants and agrees to keep the Property free and clear of mechanics liens and other liens in the favor of vendors to Mineral Resources except for statutory liens that are customary in the oil and gas industry and that Mineral Resources deems necessary or convenient for its oil and gas operations at the Property.

8. Either party may assign all or any portion of this Agreement at any time and from time to time provided that no such assignment shall enlarge, amend or modify the obligations or duties of the parties to this Agreement.

9. Mineral Resources will conduct its operations on the Property, including the plugging and abandonment of the wells drilled on the Property pursuant to this Agreement in compliance with the applicable rules and regulations of the COGCC and the City of Greeley, Colorado.

10. With the prior written consent of Mineral Resources, which consent may be withheld by Mineral Resources in the exercise of its reasonable discretion, Richmark may install and maintain, at its own expense and expense, ground cover, landscaping and watering systems (“Landscaping”) within the Property provided that the Landscaping will not interfere with Mineral Resource’s operations. Richmark shall have the right to possess and use that part of the Property not necessary to Mineral Resources’ oil and gas operations.

11. This Agreement constitutes written consent of Richmark for Mineral Resources to conduct the oil and gas operations contemplated by this Agreement on the Property, pursuant to the terms and conditions contained herein. This Agreement also constitutes Richmark's written acknowledgment that Mineral Resources has provided an appropriate Notice of Drilling in accordance with Rules 305.b (1) and 305.c of the COGCC and has properly engaged in Drilling Consultation with Richmark in accordance with COGCC Rule 306.a (1). **This Agreement also constitutes Richmark's acknowledgment that Mineral Resources has complied with the well location requirements of COGCC Rule 318 A or that Richmark has waived any provisions of such rule that is inconsistent with or conflicts with the well locations designated pursuant to this Agreement.**

12. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been fully given, made and received only when personally delivered, received via facsimile that has been confirmed electronically, delivered by Federal Express or other nationally recognized courier service, or three (3) days after having been deposited in the United States mail, postage prepaid, return receipt requested. All notices requests, demands and other communications required or permitted hereunder shall be addressed as set forth below:

IF TO RICHMARK:
5200 W 20th Street
Greeley, Colorado 80634

IF TO MINERAL RESOURCES
Mineral Resources, Inc.
P.O. Box 328
Greeley, CO 80632
ATTN: Arlo Richardson
TELEPHONE: 970-352-9446
FAX: 970-339-8321

13. This Agreement and all of the covenants herein shall be covenants running with the land.

14. Richmark and Mineral Resources agree that Mineral Resources may record an original of this Agreement or a Memorandum thereof in the real property records of Weld County, Colorado.

15. This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.

16. This Agreement will be binding upon and inure to the benefit of the parties hereto and their heirs, personal representatives, successors and assigns.

17. If any provision of this Agreement or the application hereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of such provision to any other person or circumstances shall be affected thereby, but rather the same shall be enforced to the greatest extent permitted by applicable law.

18. This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Colorado, excluding any conflict of laws, rule or principle that might refer the governance or the construction hereof to another jurisdiction.

MINERAL RESOURCES, INC.

RICHMARK REAL ESTATE PARTNERS,
LLC:

By: 

By: 

Arlo Richardson,
President

Richmark Holdings, Inc., Manager
Logan Richardson, Vice President

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this 26 day of July 2013, by Arlo Richardson as President of Mineral Resources, Inc., a Colorado corporation, on behalf of said corporation.

[SEAL]

My commission expires: 11/17/14



Mary J Metzger
Notary Public

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was acknowledged before me this 26 day of July 2013, by Logan Richardson, Vice-President of Richmark Holdings, Inc., Manager, as his free and voluntary act.

[SEAL]

My commission expires: 11/17/14



Mary J Metzger
Notary Public

EXHIBIT A
Surface Use Agreement

Township 5 North, Range 65 West

Sections 17& 20: Lots 1,2 and 3, First Replat to Tract "A", Greeley Commerce Center
Subdivision, City of Greeley, County of Weld, State of Colorado.

EXHIBIT B
Oil and Gas Facilities



GREELEY DIRECTIONAL PROJECT
 SURFACE USE AGREEMENT EXHIBIT

970.226.0342 | P
 970.226.0879 | F

4715 Innovation Drive
 Fort Collins, CO 80525
 www.LRA-Inc.com


LAMP RYNEARSON
 & ASSOCIATES

drawn by	checked by	reviewed by	project - task number	date	book and page	revisions
EKM	EKM	EKM	0213001.01	7/11/2013		
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