

## **SURFACE USE AND COMPENSATION AGREEMENT**

This Surface Use and Compensation Agreement ("**Agreement**") is made and entered into, effective as of the 8<sup>th</sup> day of March, 2013 ("**Effective Date**") by and between Carl D. Youngberg, whose address is 219 Last Chance Road, Bennett, CO. 80102 ("**Grantor**"), and ConocoPhillips Company, a Delaware Corporation, whose address is Attn: Manager, Real Property Administration, PO Box 7500, Bartlesville, OK. 74004-7500 ("**Grantee**").

### **RECITALS**

- A. Grantor owns the surface estate or otherwise controls the surface rights in and to property located in Arapahoe County, Colorado, as more particularly described and depicted on **Exhibit A**, attached hereto and made a part hereof ("**Property**").
- B. Grantee owns or operates oil and gas leases and rights and may become holder of other oil and gas leases and rights underlying and in the vicinity of the Property ("**Leases**") and desires to enter on the Property for the purposes of conducting oil and gas operations under or related to the Leases ("**Operations**").
- C. In addition to the rights granted in the Leases, Grantee desires to obtain the right to use the Property for the purpose of access to and from the Leases and right(s)-of-way related to Grantee's Operations.
- D. Grantor and Grantee desire to stipulate and agree on the rights to be granted by Grantor to Grantee and the compensation and damages to be paid for such rights.

### **AGREEMENT**

In consideration of the foregoing recitals and the terms, covenants and conditions contained herein, Grantor and Grantee agree as follows:

#### **1. Surface Access Rights.**

- A. **Right-of-Way**. Grantor grants to Grantee and its agents, employees, and others authorized by them a private easement and right-of-way upon and across the Property to conduct its Operations, including without limitation, the rights to (a) locate, drill, complete, operate, and maintain wells on the Property; (b) to construct, operate and maintain access roads, (c) to lay, construct, operate, inspect, maintain, repair, replace with same or different size pipe, remove, or abandon in place pipeline(s), compressor stations, power line(s) and/or communication line(s), and other facilities related to the Operations ("**Right-of-Way**"). Such Right-of-Way also includes the right for Grantee to construct from time to time and at any time or times additional pipelines, appurtenances, valves, metering equipment, cathodic protection, wires, conduits, cables, and/or underground power lines and other facilities needed for its Operations within the

Right-of-Way granted. The Right-of-Way for the roads, pipeline(s), compressor stations, power line(s) and/or communication line(s) shall not exceed sixty feet (60') in width. Grantee may use an additional thirty feet (30') along and adjacent to the Right(s)-of-Way during construction, repair or maintenance periods.

B. Grantor believes, but does not warrant, that it is the owner of the Property and believes that Grantor has the legal right to grant the Right-of-Way described herein and that Grantee, to the extent of Grantor's ownership, shall have the quiet use and enjoyment of the Property in accordance with the terms and conditions of this Agreement.

2. **Location of Rights-of-Way and Well Pads.** The Rights-of-Way for pipelines, power lines, communication lines other planned facilities and access and the well pad locations will be located within the areas illustrated on the attached **Exhibits B and C.**

3. **Colorado Waiver of Notice and Consultation.** In accordance with sections 305.e.(7) and 306.a.(3) of the Rules and Regulations ("**Rules**") of the Colorado Oil and Gas Conservation Commission ("**COGCC**"), Grantor waives the right to receive the landowner notice set forth in COGCC Rule 305.e, and Grantor further waives the right to the consultation set forth in COGCC Rule 306.a. Grantor acknowledges the receipt from Grantee of the information brochure for surface owners described in COGCC Rule 306.e.(1)A. Grantor acknowledges and agrees that Grantee has complied with all notice and consultation requirements of COGCC Rules 305 and 306.

4. **Grantor Use of Property.** Grantor expressly acknowledges that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligation of Grantee to reasonably accommodate Grantor's use of the surface of the Property, for the facilities to be located within the areas illustrated on Exhibits B and C, and Grantor waives any statutory or common law claims to the contrary. Further, Grantor acknowledges that Grantee's proposed use of the Property reasonably accommodates the Grantor by minimizing intrusion upon and damage to the Property, Grantor agrees not to place or store any personal property or material of any kind on any well pad, including but not limited to placing or storing vehicles, farm equipment, hay or other crops on any well pad.

5. **Compensation.** As compensation for the rights granted hereunder and for damages incurred with respect to Grantee's use of any of the Property, Grantee will pay to Grantor as follows:

A. **Well Locations.** \$8,000.00 lump sum payment for the surface used for the first well location shown on Exhibits B and C. The payment shall include compensation for use of and any damages to the well site and the related facilities shown on Exhibits B and C. Compensation for additional well sites and facilities will be negotiated between Grantor and Grantee.

**B. Right-of-Way for Roads, Pipelines, Power and Communication Lines.**

\$40.00 per rod lump sum payment for each right-of-way excluding road right of way shown on Exhibits B and C. The total right-of-way shown on Exhibits B and C is estimated at 4.2 rods in length and the compensation is \$168.00.

**C. Total Compensation.** Grantor agrees that the recited compensation constitutes full payment for the rights herein granted and for damages that may occur to the Property for the facilities shown on Exhibits B and C; provided however, that Grantee shall remain liable for damages caused by its negligence or willful misconduct in drilling, completing and producing from the well(s) or for damages to real property, personal property and crops outside of the areas where the Operations shown on Exhibits B and C are located. Notwithstanding any other provision herein to the contrary, Grantee shall be liable for any and all damages caused by: (1) violation(s) of this Agreement; or (2) violation(s) of any Rule and/or Regulation of the COGCC.

**D. Payments.** Grantee shall pay Grantor all compensation set forth in this Paragraph 5 on or before the 30<sup>th</sup> day following execution hereof by all parties hereto. Payments shall be made to Carl D. Youngberg at the address set forth in Paragraph 8 of this Agreement.

**E. Additional Surface Damages.** Compensation for additional surface damages, if any, that may occur outside of the reasonable scope of Operations contemplated by this Agreement shall be negotiated between Grantor and Grantee, but shall not affect the term or validity of this Agreement.

**6. Conduct of Operations.**

**A.** All of Grantee's Operations shall be conducted in a safe and workmanlike manner and in compliance with all applicable federal, state or local laws, rules or regulations.

**B.** Grantee will design and construct well locations to provide a safe working area while reasonably minimizing the total surface area disturbed.

**C.** At the time any access road is initially constructed, Grantee will install a cattleguard and/or gate at each existing fence line crossed by such access road.

**D.** All disturbed areas affected by drilling or subsequent operations shall be maintained by Grantee to control dust and minimize erosion. During the term of this Agreement, Grantee shall keep all disturbed areas as reasonably free of noxious weeds as practicable.

**E.** Grantee shall have the right to clear all trees, undergrowth and other obstructions from the Right-of-Way.

- F. Grantor shall not impound water or build, construct, create or install, nor permit others to impound water or build, construct, create or install, any buildings, structures, fences, trees, engineering works, or any obstructions on the Right-of-Way and Grantor will not change the grade of the Right-of-Way without the express written consent of Grantee.

**7. Reclamation.**

- A. As to all disturbed areas affected by drilling or other operations hereunder, that are no longer needed or used for construction or operation of any facilities or upon termination of this Agreement, Grantee 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 Grantee's activities, or in accordance with any then applicable federal, state or local laws and regulations, and in accordance with these provisions.
- B. Grantee shall consult with Grantor regarding seed mix to be used for reseeding.
- C. Grantee shall notify Grantor prior to final reclamation operations on the Property, including plugging and abandonment, and shall comply with any federal, state or local notification rules, regulations or requirements. Grantee shall use its reasonable efforts to consult in good faith with Grantor regarding all aspects of final reclamation, including but not limited to timing of such operations, topsoil protection and reclamation of the Property.

- 8. Designated Contact Person.** Grantor and Grantee designate the following as their primary contact person for discussions, consultation and/or notification purposes:

**GRANTOR:**

Carl D. Youngberg  
219 North Last Chance Road  
Bennett, CO. 80102  
303-644-4379

**GRANTEE:**

ConocoPhillips Company  
Real Property Administration  
PO Box 7500  
Bartlesville, OK. 75005-7500

And to:  
ConocoPhillips Company  
Attn: Wayne McCreesh  
ConocoPhillips Company

Property Tax, Real Estate, Right of Way and Claims  
34501 E. Quincy Ave., Building 1  
Watkins, CO. 80137  
Phone: 303-268-3711  
Fax: 303-268-3730

All notices and communications required or permitted under this Agreement shall be in writing and addressed as set forth above. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving Party charged with notice, whether personally delivered, sent by facsimile transmission, mail or overnight courier, when received. Grantor or Grantee may notify the other of a change in its designated contact person.

9. **Assignability.** This Agreement may be assigned by Grantee without Grantor's consent to any person or entity holding an oil and gas leasehold interest in the Property but may not otherwise be assigned without Grantor's prior written consent, which shall not be unreasonably withheld; provided however, in the event of an assignment by Grantee, Grantee shall promptly provide Grantor with written notice of such assignment together with a copy of the document that is recorded in the Records of Arapahoe County, Colorado, to give record notice of such assignment.
10. **Binding Effect.** All provisions of this Agreement shall be binding on and inure to the benefit of Grantor and Grantee and their heirs, executors, administrators, successors and assigns.
11. **Term.** This Agreement shall be effective as of the date it is fully executed and shall remain in force and effect as to all of the Property for so long as the oil and gas leases and rights owned by Grantee, its successors or assigns on the Property or any portion thereof are in force and effect and for a period of one (1) year following termination of such oil and gas leases and rights as to all of the Property.
12. **Recordability.** This Agreement may only be recorded with the written consent of both Grantor and Grantee. Grantor and Grantee agree to execute a memorandum version of this Agreement, which may be recorded in the Clerk and Recorder's office for the county(ies) in which the Property is located.
13. **Shall Not Diminish Other Rights.** This Agreement is a clarifying and confirming document and shall not be construed as a waiver of any rights Grantor or Grantee have under any other agreement or instrument pertaining to the Property, expressly including the Oil and Gas Lease dated September 21, 2010 between Grantor and Simmons McCartney, LLC recorded at Reception # D0108630 in the Records of Arapahoe County, Colorado. If it becomes necessary or desirable to utilize locations different from those agreed upon due to regulatory requirements or otherwise, the parties will negotiate a modification to this Agreement.
14. **Confidentiality.** Except as set forth in the memorandum of this Agreement, Grantor hereby represents and warrants that Grantor shall not disclose or publish in any

form or fashion the terms of this Agreement, it being understood that such warranty and representation forms part of the consideration for this Agreement. Notwithstanding the foregoing, Grantor may disclose the terms of this Agreement to Grantor's legal advisors, accountants or other professional consultant retained by Grantor; provided, however, before making any disclosure to such persons, Grantor must obtain an undertaking of confidentiality, in substantially the same form and content as this Agreement, from each such person.

**15. Force Majeure.** Neither Grantor nor Grantee shall be liable to the other for any damages for failure to perform its obligations under this Agreement due to fire, earthquake, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, acts of terrorism, strike or labor disputes and other like casualty or other causes beyond its reasonable control (including but not limited to inability to complete reclamation responsibilities; provided, however, that such responsibilities shall continue but with an extension of the completion deadline), nor for damages caused by public improvements or condemnation proceedings.

**16. Transfer of Grantor's Interest.** No transfer of Grantor's interest, by assignment or otherwise, shall be binding on Grantor or Grantee until the non-assigning party has been furnished with written notice, including copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Grantor or Grantee. No present or future division of Grantor's ownership as to different portions or parcels of the Property shall operate to enlarge the obligations or diminish the rights of Grantee, and all Grantee's Operations may be conducted without regard to such division.

**17. Amendments.** This Agreement may only be amended by the written agreement of both parties.

**18. Headings.** Paragraph headings or captions in this Agreement are for reference and convenience only and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision.

**19. Construction of Agreement.** Whenever required by the context of this Agreement, the singular shall include the plural, and vice versa, and the masculine gender shall include the feminine and neuter genders, and vice versa. The provisions of this Agreement have been independently, separately and freely negotiated by Grantor and Grantee as if drafted by both. The parties waive any statutory or common law presumption that would serve to have this Agreement construed in favor of or against either of them.

**20. Applicable Law.** This Agreement shall be governed by and interpreted in accordance with the laws of Colorado.

**21. Notice of Breach or Default.** An alleged breach or default by Grantee of any obligation hereunder or the failure of Grantee to satisfy any condition or limitation contained herein shall not work a forfeiture or termination of this Agreement nor be

grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Grantor with respect to any alleged breach or default by Grantee hereunder, for a period of at least thirty (30) days after Grantor has given Grantee written notice fully describing the breach or default, and if Grantee does not dispute the breach, then only if Grantee fails to remedy or commence to remedy the breach or default within such period. Should Grantee, by written notice to Grantor, dispute the existence of a default, then this Agreement shall not terminate unless Grantee does not initiate and diligently pursue steps to correct the default within thirty (30) days after the default has been determined by a final unappealable decision of arbitrators or a court of competent jurisdiction.

**22. Relationship of Grantor and Grantee.** Grantor and Grantee acknowledge and agree that this Agreement does not create any special relationship between them including, without limitation, that of joint venturers or partners. Nothing in this Agreement shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principle-agent relationship between Grantor and Grantee for any purpose.

**23. Severability.** If any provision of this Agreement is illegal, invalid or unenforceable under present or future laws applicable to this Agreement, Grantor and Grantee intend that the remainder of this Agreement shall remain in full force and effect so as to fulfill as fully as possible their intent as expressed by the then existing terms of this Agreement, including the invalidated provision.

**24. No Merger with Oil and Gas Lease.** This Agreement is intended to supplement the terms of the Oil and Gas Lease dated September 21, 2010 between Grantor and Simmons McCartney, LLC, recorded at Reception # D0108630 in the Records of Arapahoe County, Colorado (the "Lease"). The terms and conditions of the Lease are not merged into this Agreement, or vice versa, and in the event there is any conflict between this Agreement and the Lease, the Grantor and Grantee mutually agree that the terms and conditions in the Lease shall prevail and take precedence over this Agreement.

**25. Counterparts.** This Agreement may be executed in two or more original counterparts, all of which together shall constitute one and the same Agreement.

**EXECUTED** as of the date of acknowledgement, but this Agreement is effective as of the first date mentioned above.

**SIGNATURES APPEAR ON FOLLOWING PAGE**

**GRANTOR:**

**Carl D. Youngberg**



Printed Name: Carl D. Youngberg

Date: 3-8-13

**GRANTEE:**

**ConocoPhillips Company**

By: 

Printed Name: Brandon Kerr

Title: Attorney-in-Fact

Date: 5/15/13



ACKNOWLEDGMENTS

State of Colorado }

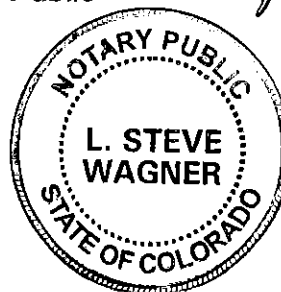
County of Adams }

The foregoing Surface Use and Compensation Agreement was acknowledged before me this 8<sup>th</sup> day of March, 2013, by Carl D. Youngberg.

Witness my hand and official seal:

L. Steve Wagner  
Notary Public

My Commission Expires Feb. 8, 2014



COLORADO  
State of ~~TEXAS~~ }

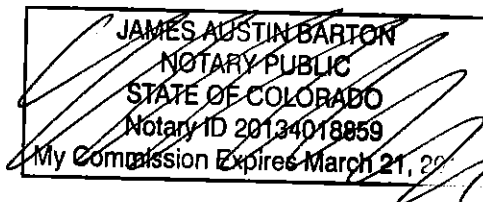
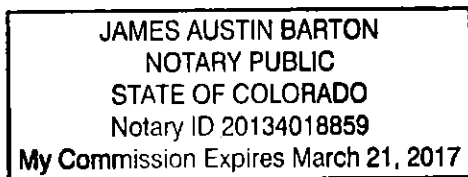
County of ARAPAHOE }

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Brandon Kerr, whose name as Attorney In Fact of ConocoPhillips Company is signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument she, as authorized agent and with full authority, executed the same voluntarily and as the act of said corporation.

Given under my hand and official seal, this the 15<sup>th</sup> day of May, 2013.

James Austin Barton  
Notary Public

My Commission Expires 3-21-17



**ConocoPhillips Company**

Well location, YOUNGBERG #10-11-1H (SURFACE LOCATION), located as shown in the NE 1/4 SE 1/4 of Section 11, T4S, R64W, 6th P.M., Arapahoe County, Colorado.

### BASIS OF ELEVATION

BENCHMARK 374 LOCATED ON THE SECTION LINE BETWEEN SECTIONS 12 & 13, T5S, R64W, 6th, P.M., TAKEN FROM 1988 PUBLISHED DATUM BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, GEOLOGICAL SURVEY AS BEING 6054.61 FEET.

## BASIS OF BEARINGS

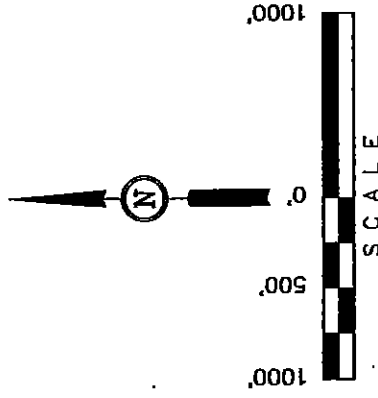
BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

**NOTE: SEE ADDENDUM TO LEGAL PLAT FOR EXISTING IMPROVEMENTS WITHIN 400' OF THE PROPOSED DISTURBANCE.**

YOUNGBERG #10-11-1H  
Elev. Ungraded Ground = 50

NOTE:  
THE PROPOSED BOTTOM HOLE FOR THIS WELL IS LOCATED IN THE SW 1/4 SW 1/4 OF SECTION 10; T4S, R64W, 6th, P.M. AT 1320' FSL 480' FWL IT BEARS N88°51'48"W 9771.80' FROM THE PROPOSED WELL HEAD.

Target  
Bottom  
Hole



# CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLANTS, PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

REGISTERED LAND SURVEYOR  
REGISTRATION NO. R7492  
STATE OF COLORADO

**UNTAH ENGINEERING & LAND SURVEYING**  
85 SOUTH 200 EAST - VERNAL, UTAH 84078  
(435) 789-1017

**LEGEND:**

$$\angle = 90^\circ \text{ SYMBOL}$$

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

**PDOP = 1.3**

NAD 83 (SURFACE LOCATION)

LATITUDE = 39°42'46.94" (39.713039)  
LONGITUDE = 104°30'34.10" (104.509467)

LONGITUDE = 104°30'34.19" (1  
NAD 27 (SURFACE LOCATION)

LATITUDE = 39°42'46.99" (39.713053)

**SCALE**

PARTY	Z.B. A.G.
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WEATHER	COLD
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DATE SURVEYED:	DATE DRAWN:
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## REFERENCES

FILE	Concepcion, William
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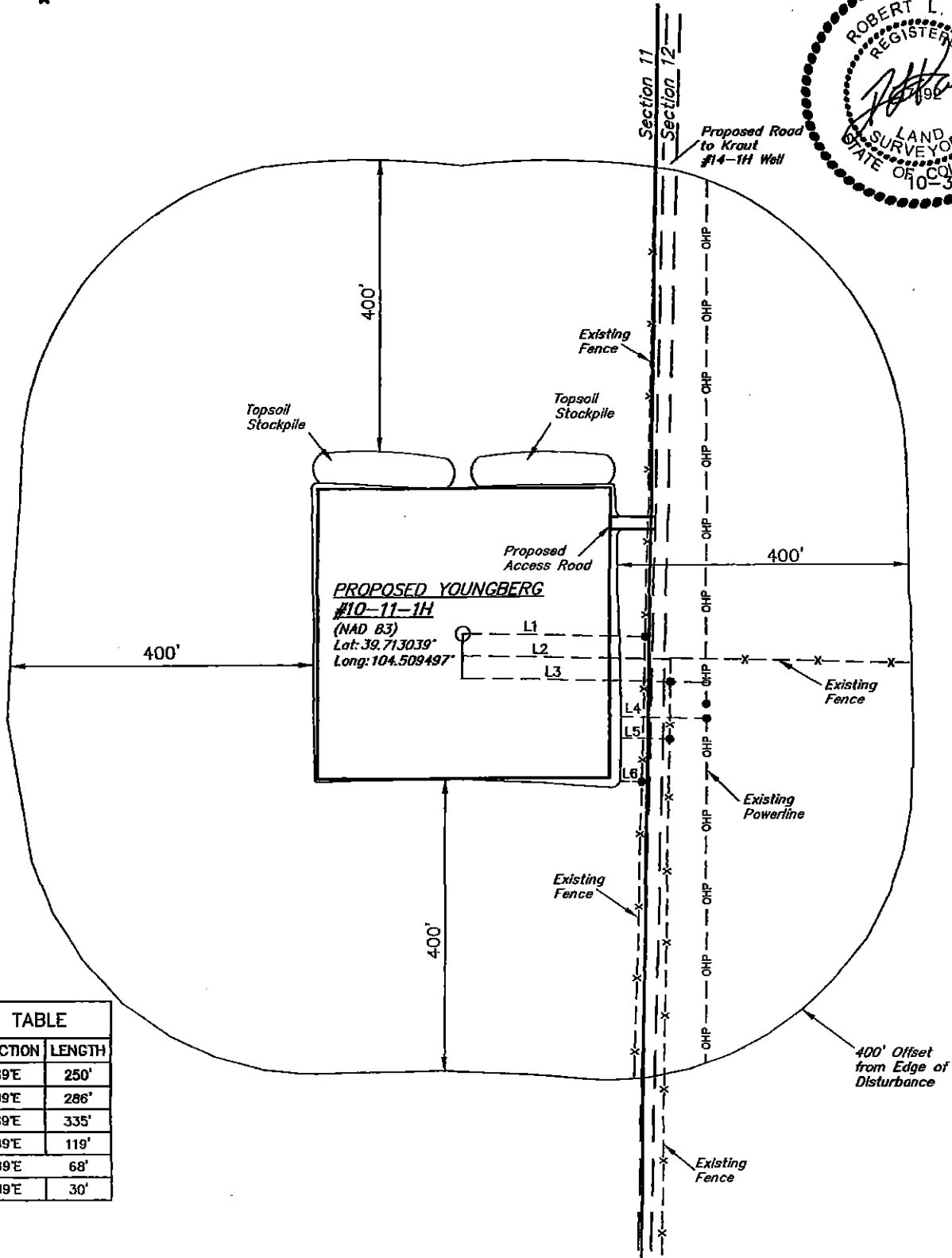
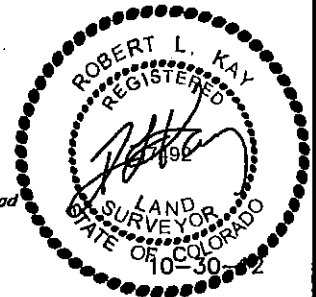
# Exhibit "B"

ConocoPhillips Company

ADDENDUM TO LEGAL PLAT FOR

YOUNGBERG #10-11-1H  
SECTION 11, T4S, R64W, 6th. P.M.  
1320' FSL 255' FEL

SCALE: 1" = 200'  
DATE: 10-12-12  
DRAWN BY: H.K.W.



LINE TABLE		
LINE	DIRECTION	LENGTH
L1	S89°E	250'
L2	S89°E	286'
L3	S89°E	335'
L4	S89°E	119'
L5	S89°E	68'
L6	S89°E	30'

UINTAH ENGINEERING & LAND SURVEYING  
85 So. 200 East \* Vernal, Utah 84078 \* (435) 788-1017

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