



Surface Damages Agreement
Between Wes Moser & Sons, Inc.
and Basin Exploration, Inc. for
Wells Drilled in the NE/4 Section 33, T3N, R65W
Weld County, Colorado

Basin Exploration, Inc. agrees to take every reasonable precaution and to make every reasonable effort to minimize the disruption of the property for continued farming activity. This includes:

1. To stockpile eight (8) inches of top soil in areas where the surface area is disturbed by Basin's operations, and at the completion of Basin's operations, to reshape the disturbed lands as near as possible to its original contour. During the backfilling of any pits that were dug, the soil shall be compacted to prevent subsidence. Should subsidence occur in spite of the above efforts, Basin will be responsible for correcting the subsidence.
2. To fence the area of the drill site during initial drilling and completion activities.
3. To use, where feasible, any existing agricultural or oil and gas lease roads and to minimize the amount of new road installation required to access the drill site and production equipment.
4. To restore the surface of any abandoned well site and any road to a level condition compatible with any irrigation system now located on the premises. It is the intent that the irrigation system shall not be disturbed by Basin's operations.
5. To pay for damages to person and property caused by Basin's negligence during the operating of a producing well.
6. To fence all producing wells, tanks and equipment and all other improvements with a protective fence at least four (4) feet high.



7. To locate the well(s) according to a mutually agreed legal location as indicated on the survey plat (copy attached for the Moser Inc. UPRR 31-33 Well, NWNE Sec. 33)
8. To locate the separator and tank battery at a mutually agreed upon location which would reduce the impact on agricultural activity.
9. To notify the surface owner at least two (2) days prior to entering upon the premises for drilling purposes of Basin's intention to drill.
10. To refrain from using permanent ground anchors.

Prior to the commencement of drilling operations for this well, Basin agrees to pay to the surface owner the sum of Two Thousand Five Hundred Dollars (\$2,500) as payment for surface damages relating to drilling and completion of any specific well and for the installation of the production equipment, the flow line, and access road required for the production of oil and gas from that well. It is specifically understood that the \$2,500 shall not cover any damages to existing crops at the drill site resulting from Basin operations. The intent of both parties is to base any crop damages on the selling price of specific crops on a per acre basis.

This agreement shall be binding on any subsequent surface owner(s) and represents the full and complete agreement between the parties. Any additional provisions would have to be agreed to in writing by both the surface owner and Basin.

Signed: Lester M. Kaplan Date: Dec 22, 1986
Lester M. Kaplan
Basin Exploration, Inc.

Signed: John R Moser Date: Dec 23, 1986
Wes Moser & Sons, Inc.
John Moser, President

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Basin Petr Exploration agrees to reimburse Moser
up to \$100.00 for seed and replanting oil well site, ARM