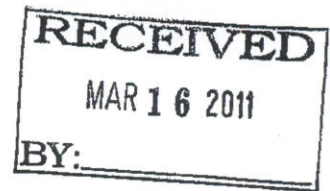


**SURFACE USE AGREEMENT  
ILES DOME UNIT #38 WELL ONLY  
Moffat County, Colorado**



This agreement is made and entered into this 1<sup>st</sup> day of March, 2011, by and between **NICK CHARCHALIS**, 6795 Highway 394, Craig, Colorado 81625, hereinafter referred to as "**OWNER**", and **WINTER RIDGE ENERGY, LLC**, 555 Seventeenth Street, Suite 950, Denver, Colorado 80202, hereinafter referred to as "**OPERATOR**". The term **OPERATOR**, as used herein, shall be deemed to include all persons who make entry on the lands subject to this Surface Use Agreement at the direction and by the authorization of **WINTER RIDGE ENERGY** for purposes of conducting the oilfield related activity specified below.

**1. GRANT**

For and in consideration of the surface rental to be paid by Operator to Owner, which terms are set forth below, and the mutual covenants hereinafter set forth, Owner hereby gives, grants and conveys unto Operator, its agents, employees, successors and assigns, a private right to enter upon and use the surface estate of the Owner in the lands described below for the purposes of drilling, completing, working over, producing and operating the **Iles Dome #38 Oil Well ONLY**, together with a right-of-way and easement across the subject lands of the Owner necessary for Operator to construct and maintain an access road, well-site locations, tank batteries, pits, pipeline or other such activities which are required for the Operator's complete use of its oil and gas leasehold estate on the **Iles Dome #38 Oil Well ONLY**. It is expected that if and when a surface use agreement covering operations of the entire Iles Dome Unit is executed that the provisions of that agreement will henceforth govern operations of the Iles Dome #38 and the Iles Dome Unit and take precedence over this Agreement.

**2. LANDS SUBJECT TO THIS AGREEMENT**

The terms "subject lands" and "Property" when used in this Agreement shall mean and include the following described real property:

**Iles Dome #38 Oil Well ONLY**  
Township 4 North, Range 92 West, 6<sup>th</sup> P. M.  
Section 22: SE/4  
1336' FSL, 2031' FEL,  
Moffat County, Colorado

Attached herewith is a surface plat showing the well described above.

### **3. SURFACE RENTALS**

In the event that Operator drills the Iles Dome #38 Oil Well, Operator will compensate Owner by paying the sum of [REDACTED] in liquidated damages, plus an annual rental for this well only of [REDACTED]

### **4. MAINTENANCE OF OIL FACILITIES**

Operator will be responsible for keeping and maintaining the Iles Dome #38 Oil Well as follows:

- a. All well-sites will be limited to no more than two (2) acres in size unless otherwise agreed to by Owner and Operator, in writing.
- b. All settling pits will be fenced and fencing will be maintained stock tight. When requested by Owner, Operator further agrees to construct sufficient fencing around wellsites and production facilities to insure the safety of Owner's livestock.
- c. Operator will maintain its well sites and access roads in good condition and free of litter and debris caused by its operations.
- d. Operator will maintain all cattle guards, keeping same free of debris and litter as to function properly.
- e. Operator will not permit any firearms on the premises by any of its agents.
- f. Operator will control noxious weeds, especially rubber rabbitbrush, with a routine program of spraying and mowing as necessary.
- g. Unused areas will be re-seeded with a seed mix of the Owner's preference.
- h. Operator will make a diligent effort with the guidance of the Owner to identify old abandoned pipe, facilities, etc. and work towards getting same cleaned up to the satisfaction of Owner.
- i. Operator shall not cause to be constructed any living quarters on the lands or any other property belonging to Owner and covered by this Agreement.
- j. Operator agrees to indemnify and save Owner harmless from liability to third parties for injuries related to the operation of the Unit Wells or facilities.
- k. Operator will not intentionally cause any damage to Owner's residential and livestock water wells.
- l. Upon completion of the entire operation of Iles Dome Field and Unit, Operator will plug and abandon all wells in accordance with State of Colorado and Federal regulations, remove all facilities, and reclaim the surface in accordance with regulations and to the satisfaction of Owner.

### **5. LIMITATION OF LIABILITY**

- a. No party shall be liable for, or be required to pay for, special, punitive, exemplary, incidental, consequential or indirect damages to any other party for activities undertaken within the scope of this Agreement.
- b. Except as to claims arising out of pollution or environmental damage (which claims are governed by Section 6 below) or out of other provisions of this Agreement (which claims shall be governed by the terms of this Agreement),



each party shall be and remain responsible for its own liability for all losses, claims, damages, demands, suits, causes of action, fines, penalties, expenses and liabilities, including without limitation attorneys' fees and other costs associated therewith (referred to collectively as "Claims"), arising out of or connected with each such party's ownership or operations on the Property, no matter when asserted, subject to applicable statutes of limitations.

## **6. ENVIRONMENTAL INDEMNITY**

The provisions of Section 5 above, except for Section 5.a., shall not apply to environmental matters, which shall be governed by the following, subject to the limitations of Section 5.a. above:

- a. "Environmental Claims" shall mean all Claims asserted by governmental bodies or other third parties for pollution or environmental damage of any kind, arising from operations on or ownership of the Property or ownership of the oil and gas leasehold interest, whichever is applicable, and all cleanup and remediation costs, fines and penalties associated therewith, including but not limited to any Claims arising from Environmental Laws. Environmental Claims shall not include the costs of any remediation undertaken voluntarily by any party, unless such remediation is performed under the imminent threat of a Claim by a governmental body or other third party.
- b. "Environmental Laws" shall mean any laws, regulations, rules, ordinances, or order of any governmental authority(ies), which relate to or otherwise impose liability, obligation, or standards with respect to pollution or the protection of the environment, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 et seq.), the Clean Water Act (33 U.S.C. §§ 466 et seq.), the Safe Drinking Water Act (14 U.S.C. §§ 1401-1450), the Hazardous Material Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Air Act, and the Toxic Substances Control Act (15 U.S.C. §§ 2601-2629).
- c. Environmental Indemnification. Operator shall protect, indemnify, and hold harmless Owner from any Environmental Claims relating to the Property or oil and gas leasehold thereunder that arise out of Operator's oil and gas operations.
- d. The indemnities herein shall not cover or include any amounts which the Owner is actually reimbursed by any third party. The indemnities in this Agreement shall not relieve any party from any obligations to third parties.
- e. If a Claim is asserted against Owner, it is a condition precedent to Operator's obligations hereunder that Owner give Operator written notice of such Claim setting forth all particulars of the Claim, as known by Owner, including a copy of the Claim (if it is a written Claim). Owner shall make a good faith effort to

notify Operator within five days of receipt of a Claim and shall give such notice in all events within such time as will allow Operator to defend against such Claim.

EXECUTED this 14<sup>TH</sup> day of MARCH, 2011 but effective March 1, 2011.

**WINTER RIDGE ENERGY, LLC**

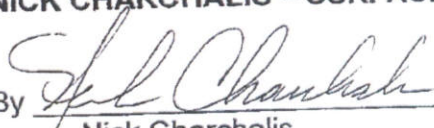
By

  
Andy Peterson  
Vice President

OPERATOR

**NICK CHARCHALIS – SURFACE OWNER**

By

  
Nick Charchalis

OWNER