



**SURFACE USE AND COMPENSATION AGREEMENT**

By this Surface Use and Compensation Agreement effective October 8<sup>th</sup>, 2010 ("SUCA"), the undersigned, **Criseldo V. Pacheco**, whose address is 516 CR 327, Ignacio, Colorado 81137 ("Landowner"), whether one or more, grants to **BURLINGTON RESOURCES OIL & GAS COMPANY LP**, an affiliate of ConocoPhillips Company, whose address is Attention: Manager, RPA, P. O. Box 7500, Bartlesville, Oklahoma 74004-7500, its successors and assigns ("Operator"), the rights and privileges to utilize lands owned by the Landowner in **Section 13, Township 32 North, Range 7 West, N.M.P.M.**, La Plata County, State of Colorado (the "Subject Property"), as may be reasonably necessary and convenient to perform the operations described below and in the exhibits attached hereto and herewith covering:

**Levey 100 Lateral  
located in Section 13, Township 32 North, Range 7 West, N.M.P.M.  
La Plata County, Colorado**

It is agreed that the Operator shall have the right to construct a well pad, install cathodic protection system(s), lay pipelines, install electric and communication lines, drill, re-enter for the purposes of adding additional laterals, complete, operate, maintain and abandon the above referenced well, and install equipment or facilities related to the operation of, or production of oil, gas and other hydrocarbons from, the referenced well located on the well pad (collectively, the "Planned Operations"), located on the Subject Property. The placement, specifications, maintenance and design of the Planned Operations are more fully described and disclosed in Exhibit "A" attached hereto and made a part hereof. Landowner shall not use the well pad property occupied by the Operator for any purpose that could potentially interfere with the Operator's Planned Operations. Operator shall have use of the full disturbed area, up to and including the construction zone, in the future if needed. Operator shall tender to Landowners consideration in the amount of [REDACTED] which shall be a one time, payment in full covering (i) the rights herein granted or confirmed and (ii) any of the following that may be applicable: loss of agricultural production and income, lost land value, lost use of and lost access to the land and lost value of improvements. Compensation for additional surface damages, if any, that may occur outside of the reasonable scope of operations contemplated by this SUCA shall be negotiated between Landowner and Operator, but shall not affect the term or validity of this SUCA.

The Operator, its contractors, agents, and assigns, shall have the non-exclusive right of ingress and egress to the location of the Planned Operations with said access route and any site-specific terms being more fully described by Exhibit "B" attached hereto and made a part hereof. Any newly constructed roadway surface shall not exceed twenty (20') feet in width from edge to edge. In addition, Landowner grants to the Operator the right, without any further compensation to Landowner, to clear and use up to four feet (4') on each side of such road surface for construction, maintenance, barrow ditches and other water diversions.

Upon completion and/or plugging and abandonment of the Subject well, the Operator shall reclaim and restore all disturbed areas to their original condition as reasonably practicable and timely in accordance with the Colorado Oil and Gas Conservation Commission (COGCC) rules and regulations. Landowners shall specify reseeding mixture to be used for the onsite reclamation; provided that Operator shall only be required to reseed areas that are greater than ten feet outside of the established anchor pattern of the Subject Well and greater than ten feet outside any equipment used by Operator in connection with the Subject Well.

To the extent circumstances are known at the time of signing this SUCA, and to the extent applicable to the Subject Property, the Operator agrees:

- To construct, maintain and place all pits and equipment generally as set forth in Exhibit "A";
- To perform any applicable interim and final reclamation;

- To limit and control, to the extent reasonably practical, precipitation runoff, erosion and surface water drainage changes;
- To make reasonable attempts to minimize surface disturbance due to operations while complying with any applicable federal, state and local laws and regulations and providing for a safe operations area;
- To place gravel and or sandstone on roads and location as deemed necessary by operator to minimize potential damage;
- When requested by Landowner, Operator shall install, at Operator's expense, a cattleguard and/or gate, at an intersection where fences cross any newly constructed roads. Furthermore, when requested by Landowner, Operator agrees to install locking devices, at Operator's expense, on gates that are being used in connection with its operations on the Subject Property;
- Operator shall promptly restore all fences which may have been damaged during Operator's operations on the Subject Property to as good as a condition as such fences were prior to such operations. When any fence upon the Subject property is required to be opened, such opening shall not be left unattended unless a good and sufficient gate or cattleguard capable of turning domestic livestock of ordinary disposition shall be installed. All openings in fences shall be made by using "H" braces six feet (6') in width, and constructed of pipe at least four inches (4") in diameter on both sides of such opening.
- Operator shall not permit its agents, employees, guests, contractors, subcontractors, or service company personnel to carry alcoholic beverages, firearms, archery equipment, wildlife calls, weapons, spotting, optical or night vision equipment (other than as required for oil and gas operation), or to bring dogs or other animals on the Subject Property.

**The Operator further agrees to the following site-specific stipulations and provisions:**

- Landowner hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by Rule 305.b of the COGCC rules and acknowledgement that Landowners have received the brochure "Information for Oil and Gas Operations, Surface Owners and Surface Tenants" as per COGCC Rule 305.c(6). This Surface Use and Compensation Agreement shall serve as evidence that the consultation requirements of the COGCC Rules 305 and 306 have been fulfilled.
- Trees on location shall be felled and removed from the well pad area. Trees suitable for fence posts shall be separated and stacked in the southwest corner of the well pad. The remaining trees will be cut and stacked for firewood in the same area. Landowner shall be paid One-hundred Dollars (\$100.00) for each tree removed. The landowner shall be compensated with a check for the estimated amount of timber cleared from the constructed well pad.

The Operator does hereby covenant and agree to indemnify and hold Landowner free and harmless against and from any and all loss, damage, claims, demands and suits which the Landowner may suffer as a direct result of Operator's Planned Operations, expressly excluding from such indemnity/hold harmless obligation any claim or cause of action, or alleged or threatened claim or cause of action, damage, judgment, interest, penalty, or other loss arising or resulting from the negligence or willful acts or omissions of the Landowner, its agents, invitees, or licensees, or third parties. Neither party shall be liable to the other for special, indirect, or consequential damages, resulting from or arising out of this Agreement including, without limitation, loss of profit or business interruptions, however same may be caused.

This SUCA is a clarifying and confirming document and shall not be construed as a waiver of any rights Operator has under any other agreement or instrument pertaining to the Subject Property. 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 of this SUCA. In the event the parties are unable to agree to such modification, both parties reserve their respective rights under any existing and applicable leases, contracts, rules and regulations pertaining to the use of the surface of the Subject Property.

The terms, conditions and provisions of this SUCA shall extend to and be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto.

If the Landowner finds the terms and conditions contained herein acceptable and agreeable, please execute and date this SUCA in the space provided below.

Operator shall have the right to record, in the public records of the county in which the Subject Property is located, a Memorandum of Surface Use and Compensation Agreement.

This Agreement may be executed in any number of counterparts which together shall constitute the agreement of the parties hereto. This Agreement may be executed via facsimile signatures which shall have the same force and effect as if they were original signatures.

The terms of this SUCA shall be effective as of the date it is fully executed, and shall continue for so long as Operator conducts the operations described hereunder; provided, however, that any obligation or liability of either party hereunder that arises or accrues during the term of this SUCA shall survive such termination.

Landowner hereby warrants and represents that Landowner shall not disclose or publish in any form or fashion the amounts or details of the SUCA reached between the parties herein, it being understood that such warranty and representation forms part of the consideration in this SUCA.

This SUCA may be assigned in whole or in part by Operator; provided, however, that it is understood and agreed between Landowner and Operator that all rights, interests, obligations and liabilities under this SUCA shall be specifically applicable to Operator's affiliate, ConocoPhillips Company ("ConocoPhillips") to the extent ConocoPhillips conducts any of the Planned Operations hereunder, without further documentation, consent or compensation to Landowner, precisely as if ConocoPhillips was an original signatory to this SUCA. Any assignee shall be bound by and subject to the terms and provisions of this SUCA.

AGREED TO AND ACCEPTED

THIS 10<sup>th</sup> DAY OF October, 2010.

LANDOWNER

  
Criseldo V. Pacheco

COLORADO  
STATE OF NEW-MEXICO §  
LA PLATA §  
COUNTY OF SAN JUAN §

**RECORDATION NOTICE AND  
MEMORANDUM OF SURFACE USE AGREEMENT**

This Agreement effective as of the 8 day of Oct., 2010 ("the Effective Date"), by and between CRISELDO V. PACHECO, whose address is 516 Ignacio, CO 81137, New Mexico 87401, hereinafter referred to as "Grantor", does hereby grant unto **BURLINGTON RESOURCES OIL & GAS COMPANY LP**, an affiliate of ConocoPhillips Company, whose address is ConocoPhillips Company, Attention: Manager, RPA, P. O. Box 7500, Bartlesville, Oklahoma 74004-7500, hereinafter referred to as "Grantee".

**WITNESSETH**

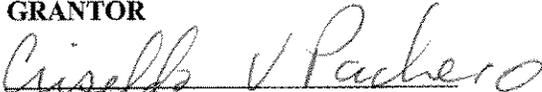
1. In consideration of Ten Dollars (\$10.00) and other good and valuable consideration, cash in hand paid by Grantee to Grantor, the receipt and sufficiency of which is hereby acknowledged, Grantor hereby grants unto Grantee the following:
  - (a) The rights and privileges to enter upon and use the following lands of Grantor in accordance with the terms and conditions of that certain unrecorded Surface Use Agreement executed by the parties herein and of even date herewith covering:

**Levey 100 Lateral  
located in Section 13, Township 32 North, Range 7 West, N.M.P.M.  
La Plata County, Colorado**

The Surface Use Agreement is hereby referred to and incorporated herein.

IN WITNESS WHEREOF, this Recordation Notice and Memorandum of Surface Use Agreement has been executed on the date indicated below by the undersigned but shall be effective as of the Effective Date.

**GRANTOR**

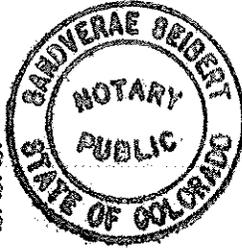
  
Criseldo V. Pacheco

**GRANTEE**

**BURLINGTON RESOURCES OIL AND GAS COMPANY LP  
By: BROG GP, Inc., its sole General Partner**

\_\_\_\_\_  
Brian Calloway, Attorney-in-Fact

COLORADO  
STATE OF NEW MEXICO  
LA PLATA  
COUNTY OF SAN JUAN



This instrument was acknowledged before me this 8th day of October, 2010, by  
Criseldo V. Pacheco.

My Commission Expires:

June 14 2011

Bardverae Seibert  
Notary Public

STATE OF TEXAS       §  
                                  §  
COUNTY OF ECTOR     §

This instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by  
Brian Calloway, Attorney-in-Fact of BURLINGTON RESOURCES OIL & GAS COMPANY LP, By:  
BROG GP, Inc., its sole General Partner, on behalf of said corporation.

My Commission Expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public