

SURFACE USE AGREEMENT

This Agreement is entered into this 2nd day of July, 2011, by and between E B Kline and Company Partnerships ("Surface Owner," whether one or more) and Quicksilver Resources Inc. ("Operator").

WHEREAS,

- i. Surface Owner owns the surface estate in the following described real property (the "Lands"): Townsh: P 7 N Range 91 West, 6 1/2 R. M. Section 13: Lots 11, 12, 13 and 14. Section 14: Lots 11, 13 and 14. Section 22: Lots 7, 9, 10 and 14. Section 23: Lots 1, 2, 3, 4, 5, 12 and 13. Section 24: Lots 3 and 4. Section 26: Lots 4 and 5. Section 27: 1/4 pt. 1/4 containing 970.13 acres, more or less.
- ii. Operator is the owner of that certain Oil and Gas Lease dated 12/15/08 (the "Lease") covering the Lands, a copy of which is recorded in Book , Page of the records of Moffat County, Colorado. R # 20085032
- iii. The parties wish to set forth the circumstances and limitations pursuant to which Operator may conduct operations on the Lands pursuant to the Lease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. Accommodation and Consultation. The parties recognize that Operator has certain rights to use the surface of the Lands in order to enjoy rights conveyed to it by the Lease. Notwithstanding those rights, Operator hereby agrees that all of its operations under the Lease shall be conducted on the Lands pursuant to the covenants and provisions contained in this Agreement. In this connection, the parties agree as follows:
 - a. The parties recognize that all operations conducted by or on behalf of Operator on the Lands shall be subject to and governed by the applicable rules of the Colorado Oil and Gas Conservation Commission ("COGCC"). Pursuant to such rules, Operator is required to give Surface Owner advance written notice of (i) its intention to commence certain operations on the Lands (including the drilling of any well), and (ii) its application to the COGCC for approval of an Oil and Gas Assessment. To the extent not covered by the foregoing, Operator also agrees to notify Surface Owner with respect to its intention or desire to construct any new access road or to install utility lines or Flowlines (as defined below) on the Lands.
 - b. If Surface Owner so desires, Operator agrees to meet with Surface Owner at a mutually agreeable time in order to discuss with Surface Owner the type of operations Operator plans to conduct as well as the location of all planned operations including, without limitation, all Well Pads (as defined below), access roads, Flowlines and utility lines.
 - c. Each party agrees to negotiate in good faith with respect to the location on the Lands of each of the items mentioned in subparagraph b above. In this connection, each party agrees to accommodate the needs of the other party to the extent that it can reasonably do so.
2. Operations. Operator hereby covenants and agrees that its operations that are conducted on the Lands pursuant to its rights under the Lease shall be governed by and shall conform to the following:
 - a. Well Pads.
 - i. Without the prior consent of Surface Owner, each well pad located on the Lands ("Well Pad") shall not exceed four acres in size and shall be substantially in the form of a square.

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WHEREAS,

- i. Surface Owner owns the surface estate in the following described real property (the "Lands"): Township 7 North-Range 91 West 6th P.M. Section 13: Lots 11, 12, 13, and 14. Section 14 Lots 11, 13, and 14. Section 22: Lots 7, 8, 9,10, and 16. Section 23: Lots 1, 2, 3,4,5,12, and 13. Section 24: Lots 3 and 4. Section 26: Lots 4, and 5. Section27: Lot 1., and containing 970.13 acres, more or less.
- ii. Operator is the owner of that certain Oil and Gas Lease dated 12/15/2008 (the "Lease") covering the Lands, a copy of which is recorded in Reception #20085032 of the records of Moffatt County, Colorado.
- iii. The parties wish to set forth the circumstances and limitations pursuant to which Operator may conduct operations on the Lands pursuant to the Lease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. Accommodation and Consultation. The parties recognize that Operator has certain rights to use the surface of the Lands in order to enjoy rights conveyed to it by the Lease. Notwithstanding those rights, Operator hereby agrees that all of its operations under the Lease shall be conducted on the Lands pursuant to the covenants and provisions contained in this Agreement. In this connection, the parties agree as follows:
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 - b. If Surface Owner so desires, Operator agrees to meet with Surface Owner at a mutually agreeable time in order to discuss with Surface Owner the type of operations Operator plans to conduct as well as the location of all planned operations including, without limitation, all Well Pads (as defined below), access roads, Flowlines and utility lines.
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2. Operations. Operator hereby covenants and agrees that its operations that are conducted on the Lands pursuant to its rights under the Lease shall be governed by and shall conform to the following:
 - a. Well Pads.

- ii. Except as otherwise set forth herein, all operations for the drilling, completion, production, treating, reworking and maintaining wells on the Lands shall be conducted within the confines of a Well Pad.
- iii. Operator may drill on each Well Pad only the number of wells that are permitted by the COGCC pursuant to its spacing and density regulations.
- iv. Following the drilling and completion of all wells to be located on a Well Pad, such Well Pad shall be reduced to one and one-half acres in size.
- v. Operator shall construct fences sufficient to turn livestock around all pits used by Operator for its drilling or completion operations and any other facilities that might reasonably endanger livestock.

b. Roads.

- i. Pursuant to paragraph 1 above, Surface Owner and Operator shall agree upon and designate any existing roads that Operator may use for ingress and egress across the Lands to and from the site of its Operations. Additionally, the parties shall agree upon the location of any new roads to be constructed by Operator that may be necessary for it to gain access to its operations sites.
- ii. All new access roads constructed on the Lands by Operator shall be no greater than 30 feet in width and shall consist of a road base of adequate depth (up to eight inches) based upon the topography of the Land so as to avoid washouts and erosion.
- iii. The road base used shall be what is referred to as "3-inch minus," which means that the material will consist of crushed rock three inches in diameter or less.
- iv. Operator shall maintain all new and existing roads that it uses for access to its operations in good condition and will grade and repair any damage caused to such roads by Operator or its contractors.

c. Flowlines. Unless otherwise agreed to by Surface Owner, all pipelines installed by Operator related to its operations or the gathering of hydrocarbons produced from wells on the Lands ("Flowlines") shall be buried to a depth of 36 inches below the surface.

d. Utility Lines. Unless otherwise agreed to by Surface Owner, all utility lines for the electric service to Well Pads located on the Land shall be installed along and within the confines of the roads used by Operator to access its operations.

3. Compensation for Customary Operations. Operator agrees to pay Surface Owner the following compensation with respect to the operations it conducts on the Lands:

a. Wells Pads. Operator shall pay Surface Owner the sum of \$ [REDACTED] for each Well Pad constructed by Operator on the Lands.

b. Roads. Operator shall pay Surface Owner \$ [REDACTED] per foot for each existing road used by Operator and \$ [REDACTED] per foot for each new road constructed by Operator pursuant to this Agreement. Such payment shall include compensation for all utility lines installed by Operator along such roads.

c. Flowlines. Operator shall pay Surface Owner \$ [REDACTED] per foot for each Flowline installed by Operator hereunder.

4. Damages for Extraordinary Operations. The payments listed in the preceding paragraph are intended to compensate Surface Owner for damage sustained by the Lands that result from reasonable and customary operations conducted by Operator for the indicated activity. In the event that the Lands sustain any damage as a result of operations conducted by Operator that are found to be in excess of those that are considered to be reasonable or customary, Operator agrees as follows:
- a. Operator shall repair any such extraordinary damage to the Lands.
 - b. To the extent that Operator is unable to repair such extraordinary damage, Operator shall pay Surface Owner the reasonable value of the unrepaired damage sustained by the Lands as a result of such extraordinary operations.
 - c. Operator agrees that it is taking 2.06 acres more or less with the lease road and pad and will compensate the Surface Owner for his crops at the rate of [REDACTED] per acre for 1/2 year. This land is primarily used for farming operations.
of well or until farming ceases if well is still producing
5. Tenants. In the event that a tenant of Surface Owner is in possession of the Land, Surface Owner may designate such tenant as the party entitled to engage in negotiations with Operator with regard to all or a portion of the planned operations discussed in paragraphs 1 and 2 above or as the party entitled to receive all or a portion of the compensation referred to in paragraphs 3 and 4 above. Operator agrees to comply with any such designation by Surface Owner.
6. Use by Surface Owner. Operator agrees that Surface Owner (or its tenant) shall have the right to use the Lands (including any new roads constructed by Operator) for its own purposes, provided that such use shall not unreasonably interfere with the rights granted to Operator under the Lease (as modified or limited by this Agreement).
7. Special Operational Provisions.
- a. Operator shall not cut, lay down or install a gate in any existing fence located on the Lands without the prior consent of Surface Owner. With respect to any such activity conducted by Operator with Surface Owner's consent, Operator shall properly and adequately brace any such interruption in an existing fence sufficiently to ensure that the integrity of the remaining portion of the fence is not adversely affected.
 - b. Operator shall control all noxious weeds on the Lands that are a result of its operations.
 - c. Neither Operator nor any of its employees, contractors or invitees shall hunt, fish or carry firearms on the Lands.
 - d. Operator shall ensure that noise levels related to its operations on the Lands do not exceed the levels provided for in COGCC regulations.
 - e. Operator shall ensure that all drilling mud and other fluids shall be handled in accordance with COGCC regulations. In this connection, after a pit has been pumped out using reasonable equipment and techniques, any remaining fluid may be covered over when the pit is reclaimed and contoured.
 - f. Any of Surface Owner's irrigation ditches or pipes shall be left in place or shall be relocated by or at the cost of Operator to a location approved by Surface Owner such that the delivery of irrigation water to the Lands shall not be interrupted.
 - g. Operator shall keep the areas of its operations in a clean, neat and orderly condition and shall remove all debris or ~~trash~~ resulting therefrom. No debris, ~~trash~~ or other materials

shall be burned on the Lands (except for the flaring of natural gas produced from a well on the Lands), nor shall any such material be buried on the Lands, without the prior consent of Surface Owner.

- h. Operator shall be responsible for controlling all erosion of soils on the Lands that results from its operations.
- i. Prior to commencing drilling operations on the Lands, Operator shall have the option to sample the water produced from any and all of Surface Owner's existing active water wells that lie within one-half mile of the surface location of the proposed drilling operation and shall have such sample(s) tested by an independent laboratory. Only active wells that are fully equipped with a pump, power source, and discharge outlet, and that have wellhead that are readily accessible with no modifications will be considered for testing. Operator shall furnish Surface Owner with a copy of any such test result. Surface Owner agrees to identify to Operator each active, dormant or reclaimed water well located on the Lands.

8. Reclamation of Lands.

- a. Initial Reclamation. Within a reasonable time following the end of all drilling and completion operations on a Well Pad, Operator shall reduce the area of the Well Pad to no more than one and one-half acres and will restore such area so reclaimed. Operator shall remove all materials and equipment, fill in and level pits, return the reclaimed area to its approximate original topography, and seed the reclaimed area with appropriate native vegetation.
- b. Final Reclamation. Upon permanent cessation of production from the last well on a Well Pad, Operator shall plug and permanently abandon all wells on the Well Pad in accordance with applicable regulations of the COGCC. Operator shall remove all materials and equipment from the Well Pad, return the Well Pad to its approximate original topography, and seed the reclaimed area with appropriate native vegetation.
- c. Roads. At the time that Operator has completed its final operations on the Lands (including the aforementioned reclamation of Well Pads), Operator shall consult with Surface Owner to determine whether or not Surface Owner wishes to have any access roads that were newly constructed by Operator left in place. With respect to the roads, or portions thereof, that Surface Owner wishes to have removed, Operator shall take up the road base, grade the areas so as to return them to their approximate original topography, and seed the areas with appropriate native vegetation, *OR grass as designated by Surface Owner.*

9. Compliance with Laws. In addition to the specific obligations stated herein, Operator shall ensure that its operations on the Lands are in compliance with all applicable laws, rules and regulations promulgated by local, state and federal governmental and regulatory bodies having jurisdiction over oil and gas operations including, without limitation, all applicable environmental laws, rules and regulations.

10. Operator's Indemnification. Operator agrees to defend, indemnify and hold Surface Owner harmless from and against all loss, cost, liability and expense of any nature (including, without limitation, court costs and reasonable attorney fees) suffered or incurred by Surface Owner as a result of a claim, demand or cause of action asserted against Surface Owner by any person or entity, whether based upon the injury to or death of any person, the damage to any property, or the violation of any applicable law, rule or regulation, arising out of or occasioned by operations conducted by or on behalf of Operator on the Lands pursuant to this Agreement.

11. General Provisions.

- a. Interpretation. The paragraph and section headings contained in this Agreement are for reference purposes only and shall not affect the interpretation of this Agreement.
- b. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Colorado.
- c. Counterparts. This Agreement may be executed simultaneously in two counterparts, both of which shall be deemed to constitute an original. Executed signature pages from an original may be attached to another, so as to create an original Agreement executed by both parties hereto.
- d. Assignment and Benefits. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their successors and assigns, but shall not be assignable by any party without prior written consent of the other party hereto.
- e. Memorandum of Record. Upon request of either party, both parties shall promptly execute a memorandum of this Agreement suitable for filing of record.
- f. Notices. All notices, requests, demands and other communications under this Agreement to the parties or their counsel shall be in writing and shall be sent by certified or registered mail:

Surface Owner: *Earl Kline*
PO Box 512
CRA: 9, CO 81626

Operator:
 Quicksilver Resources Inc.
 801 Cherry Street
 Suite 3700, Unit 19
 Fort Worth, TX 76102
 Attn: Don Cotten
 Telephone: 817-665-5741
 Email: dcotten@qrinc.com

- g. Entire Agreement. This agreement represents the entire agreement between the parties and supersedes all prior communications, both oral and written. This Agreement may be amended or modified only in writing, signed by the party against whom such amendment or modification is sought to be enforced.

IN WITNESS WHEREOF, the parties have executed this Agreement effective the day and year first written above.

SURFACE OWNER:

Earl Kline

OPERATOR:
 Quicksilver Resources Inc.

By: *Don Cotten*

 Don Cotten
 Right of Way Manager-Attorney In Fact