

## SURFACE USE AGREEMENT

THIS AGREEMENT is effective **March 1, 2012** by and between APW Corp., P.O. Box 3000, #236, Georgetown TX 78627, hereinafter referred to as "Grantor" and Petroleum Resource Management Corp., 1580 Lincoln St., Suite 635, Denver, CO 80203, or its assignee(s), hereinafter collectively referred to as "Grantee".

For and in consideration of the covenants, terms, conditions, and other goods and valuable considerations hereinafter set forth, Grantor and Grantee hereby agree as follows:

Grantee intends to drill and to operate oil and/or gas wells hereinafter referred to as "the subject wells" within the boundaries of the below described land in Moffat County, Colorado, which are owned, leased or partially leased to the Grantee as follows:

Township 10 North, Range 89 West, 6<sup>th</sup> P.M.

Re-survey Tract 37 lying in Sections 1 and 2

Containing 162.00 acres, more or less,

and including that certain Private Road Easement granted August 11, 2004 from the Forest Service, Department of Agriculture, USA, as grantor, to APW Corporation attached hereto. This is a non-exclusive easement for use of the a road along and across a strip of land in Section 2, T10N-R89W, 6th PM, in Moffat County, Colorado.

Grantor does hereby convey to Grantee, its successors and assigns, a private right to enter upon and use the above described land and premises, together with a right-of-way so long as said private right is used for the purposes herein granted, to enter upon and across the surface estate of Grantor, to construct, maintain, repair and use new and existing limited access roads, together with all necessary water crossings for access to the subject well locations; and, to construct and maintain wellsites, electrical lines, pipelines and all such other related facilities as are necessary for Grantee to properly drill, equip, complete for production, de-water, produce and/or plug and abandon the subject wells.

Grantor will allow Grantee to use Grantor's easement across National Forest Lands, and will assist Grantee in seeking any necessary Forest Service approval for that use.

Grantee may elect to use the subject wells to develop and produce oil and gas of whatsoever nature or kind from lands outside the Grantor's surface estate described above, including by drilling wells from the surface estate to lands outside the boundaries of the surface estate.

Grantor hereby reserves unto Grantee, its successors and assigns, all surface, water and mineral uses and the right to grant additional and successive rights-of-way which are not inconsistent with the rights granted to Grantee at all times that the subject right-of-way is in effect. Entry upon the heretofore referenced surface estate and right-of-way for use of the access roads, wellsites, pipelines and all other related facilities are hereby granted upon the following express conditions:

1. For a location on the Grantor's surface estate (Re-survey Tract 37) where the Grantee has the right to produce oil and gas through its oil and gas lease, the Grantor shall receive compensation as listed below under Section 5 and [REDACTED] as part of the consideration for this Surface Use Agreement. For a location on the Grantor's surface estate that is used through means of horizontal or slant drilling to produce oil and gas resources from the adjoining federal lands, the Grantor shall receive the compensation listed below under Section 5 and [REDACTED]

2. Grantee, its agents, successors and assigns, will save and hold Grantor harmless from and against any and all claims, demands and causes of action including reasonable expenses, attorney fees and court costs, arising from or in connection with any claim for damages to persons or property caused by the willful or negligent act or omissions of Grantee in the installation, construction, repair, maintenance and all operations involved with the drilling, completion production and/or plugging and abandoning the subject wells, but not otherwise.

3. Should Grantor or any third party use the rights-of-way or easement of Grantee herein, said parties agree to indemnify and hold Grantee harmless from and against all claims, demands and causes of action including reasonable expenses, attorney's fee, and court costs, for personal injury, death or property damage arising out of or attributable to Grantor's or third party's willful or negligent act or omission while using said right-of-way or easement of Grantee.

4. Grantee shall notify Grantor prior to its initial entry upon the surface estate of Grantor, and Grantee shall consult with Grantor about the location of all roads, pipelines, wellsites and any and all other facilities to be located upon the surface estate of Grantor. Grantee shall not commence any operation until Grantee has consulted with Grantor.

5. Grantee agrees to use the access roads, pipelines, wellsites, and related facilities in conformance with acceptable and prudent oil field standards and practices. Grantee agrees to tender to Grantor the following amounts for facilities and right-of ways (ROW):

[REDACTED]

In addition, Grantee agrees to compensate Grantor at market value for any and all damages to hayfields, livestock, and fences caused by any and all of its operations on said land.

6. Any new road constructed to permit access to wellsite locations and related facilities will not exceed a total surface width of twenty (20) feet. Grantee shall at all times maintain said roads in good condition and acceptable repair, all at the sole cost and expense of Grantee. Grantee shall keep its sites and rights-of-way in good order and free of litter and debris. Grantee agrees to control noxious weeds on its operations sites and along its rights-of-way.

7. Grantee shall not permit any of its employees, agents or contractors performing operations on the subject lands to bring any firearm, explosive device, weapon, alcoholic beverage, or illegal drug on Grantor's property. Grantee's employees, agents and contractors shall at all time carry identification and shall promptly and courteously produce such identification upon request of Grantor's representatives. Neither Grantee, its employees, agents or contractors will bring dogs or other animals without permission, in vehicles or otherwise, onto the subject lands. No employee, agent or contractor of Grantee shall hunt, prospect for antlers, fossils or antiquities, recreate, consume alcoholic beverages, or conduct any illegal activities on the subject lands. Absent Grantor's consent, Grantee shall not allow its contractors to store equipment on the subject lands, nor shall employees be housed on the subject lands except during drilling and completion operations when there may be temporary portable housing of employees, agents or

contractors.

8. If the subject wells are plugged and abandoned, Grantee agrees that within a reasonable period it will restore the Grantor's surface estate to as near its original condition as practicable, including re-seeding of grasslands using a seed mixture approved by Grantor. Grantee shall have the right for a reasonable period of time upon termination of its operations hereunder to remove or have removed all of the equipment and materials at its sole cost, risk, and expense.

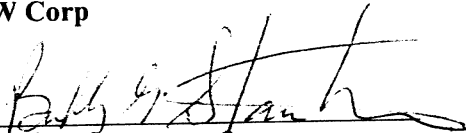
9. This Agreement shall remain in full force and effect from the date hereof, and so long thereafter as the subject wells are in production, and/or the oil and gas leases incident thereto or adjacent thereto and under which the subject wells were drilled remain valid.

The terms, covenants, and provisions hereof shall be binding upon and inure to the benefit of the parties hereto, their successors, and assigns and the rights and easements herein granted shall be assignable together or separately, wholly or in part.

IN WITNESS WHEREOF, the Agreement is executed the date first set forth above.


GRANTOR

APW Corp

  
By: ~~Robert Stanton~~ Bobby G. Stanton  
Title: President

GRANTEE

Petroleum Resource Management Corp.

  
By: Duncan Shepherd  
Title: President

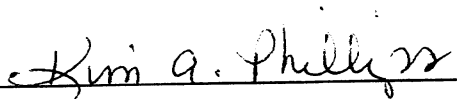
## Acknowledgements

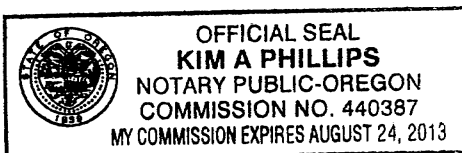
STATE OF OREGON §  
§  
COUNTY OF Douglas §

ACKNOWLEDGEMENT - CORPORATION

On this 9<sup>th</sup> day of July, 2012, before me personally appeared Bobby G. Stanton, to me personally known, who, being by me duly sworn, did say that he or she is the president of APW Corp, acknowledged said instrument to be his or her free act and deed of said corporation.

My Commission Expires 8-24-13

  
Notary Public



## Acknowledgements


Surface Use Agreement by and between APW Corp. and Petroleum Resource Management Corp.

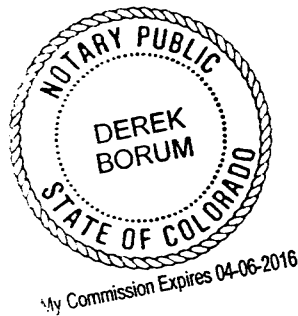
STATE OF COLORADO §  
§  
COUNTY OF Denver §

## ACKNOWLEDGEMENT - CORPORATION

On this 20<sup>th</sup> day of JUNE, 2012, before me personally appeared DUNCAN A. SHEPHERD, to me personally known, who, being by me duly sworn, did say that he or she is the PRESIDENT of PETROLEUM RESOURCE MGMT. CORP., acknowledged said instrument to be his or her free act and deed of said corporation.

My Commission Expires 4-6-16

  
Notary Public



Authorization ID: HBE504001  
Contact ID: APW,CORP  
Use Code: 752

FS-2700-05 (05/02)  
CMB No. 0596-0092

U. S. DEPARTMENT OF AGRICULTURE  
Forest Service  
PRIVATE ROAD EASEMENT  
AUTHORITY:  
FEDERAL LAND POLICY AND MGMT ACT, AS AMENDED October 21, 1976

THIS EASEMENT, dated this 11<sup>th</sup> day of August, 2004 from the United States of America, acting by and through the Forest Service, Department of Agriculture, hereinafter called Grantor, to APW CORPORATION, a corporation, of the State of TEXAS and its contractors, assignees, and successors in interest, hereinafter collectively called Grantee.

WHEREAS, Grantee has applied for a grant of an easement under the Act of October 13, 1964 (78 Stat. 1088, 16 U.S.C. 532-538) for a road over certain lands owned by the United States in the County of Moffat, State of Colorado, and administered by the Forest Service, Department of Agriculture.

NOW THEREFORE, Grantor, for and in consideration of payment of an annual use fee paid by the grantee does hereby grant to Grantee, its successors and assigns, and to successors in interest to any lands now owned or hereafter acquired by Grantee subject to existing easements and valid rights, a perpetual easement for a road along and across a strip of land, over and across the following described lands in the County of Moffat, State of Colorado.

Section 2, T10N, R89W, 6<sup>th</sup> P.M.

The location of said easement is shown (approximately) on exhibit A attached hereto.

Said easement shall be 15 feet on each side of the centerline with such additional width as required for accommodation and protection of cuts and fills. If the road is located substantially as described herein, the centerline of said road as constructed is hereby deemed accepted by Grantor and Grantee as the true centerline of the premises granted.

This grant is made subject to the following terms, provisions, and conditions applicable to Grantee:

- A. Grantee shall comply with all applicable State and Federal laws, Executive Orders, and Federal rules and regulations, except that no future administrative rule or regulation shall reduce unreasonably the rights herein expressly granted.
- B. Grantee shall have the right to cut timber upon the premises to the extent necessary for constructing, reconstructing, and maintaining the road. Timber so cut shall, unless otherwise agreed to, be cut into logs of lengths specified by the timber owner and decked along the road for disposal by the Grantor.
- C. Grantee shall have the right to use the road on the easement without cost for all purposes deemed necessary or desirable by Grantee in connection with the protection, administration, management, and utilization of Grantee's lands and resources, now or hereafter owned or controlled.
- D. Upon the change of ownership of the Grantee's land served by this road, the rights granted under this easement can be transferred or assigned to the new owner upon written notification to the Regional Forester.
- E. The Grantee shall maintain the right-of-way clearing by means of chemicals only after the Regional Forester has given specific written approval. Application for such approval must be in writing and must specify the time, method, chemicals, and the exact portion of the right-of-way to be chemically treated.
- F. The Grantee shall provide maintenance so that damage will not result on adjacent National Forest System land. Lead-off drainage and water barriers shall be constructed and maintained as necessary to prevent erosion.

1  
JAN 22 2005  
63470210000  
APW CORP

G. All construction or reconstruction of the road shall be in accordance with plans, specifications, and written stipulations approved by the Forest Supervisor prior to beginning such construction or reconstruction.

H. The rights herein conveyed do not include the right to use the road for access to developments used for short- or long-term residential purposes, unless and until traffic control regulations, rules, and other provisions to accommodate such use of the road are agreed upon by the Grantor and Grantee.

The foregoing notwithstanding, this easement is granted subject to the following reservations by Grantor, for itself, its permittees, contractors, and assignees:

1. The right to use the roads without cost for all purposes deemed necessary or desirable by Grantor in connection with the protection and administration of Grantor's lands or resources, now or hereafter owned or controlled, including the use for commercial hauling purposes for removal of timber cut in construction or maintenance of the road and other occasional incidental use.

2. The right alone to extend rights and privileges for use of the road constructed on the premises to other users provided that such users shall pay a fair share of the current replacement cost less depreciation of the road to the Grantee and to reconstruct the road as necessary to accommodate their use.

3. The Grantor retains the right to occupy and use the right-of-way and to issue or grant rights-of-way for land uses for other than road purposes, upon, over, under, and through the easement area provided that the occupancy and use do not interfere unreasonably with the rights granted herein.

4. The right to cross and recross the premises and road at any place by any reasonable means and for any purpose in such manner as does not interfere unreasonably with use of the road.

5. The right to all timber now or hereafter growing on the premises, subject to Grantee's right to cut such timber as hereinbefore provided.

6. The right to terminate this easement if jurisdiction and control of the road are assumed by the Grantor as a Forest Development Road and issue a replacement easement providing for use of the road. At such time, the Grantor will pay its proportionate share of the current replacement cost less depreciation of the road to the Grantee as consideration for the termination of this easement. The replacement easement shall be in the current standard format that provides the Grantee the right to use the road for all purposes deemed necessary or desirable by Grantee in connection with the protection, administration, management, and utilization of Grantee's lands and resources served by this road, now or hereafter owned or controlled, subject to such traffic control regulations and rules as Grantor may reasonably impose upon or require of other users of the road without unreasonably reducing the rights herein granted.

The Chief, Forest Service, may terminate this easement, or any segment thereof, (1) by consent of the Grantee, (2) by condemnation, or (3) after a five (5) year period of nonuse, by a determination to cancel after notification and opportunity for hearing as prescribed by law; Provided, That the easement, or any segment thereof, shall not be terminated for nonuse as long as the road, or segment thereof is being preserved for prospective future use.

I. Fees - Linear Rights-of-Way, Annual Payment (A14). The holder shall pay annually in advance a sum determined by the authorized officer to be the fair market value of the use granted by the authorization. The initial payment is set at \$110.00 for the remainder of this billing period. Subsequent payments shall be determined by the use of an annual fee schedule. The Forest Service may adjust the amount of the payment annually by an appropriate indexing factor to reflect more nearly the fair market value of the use. At certain intervals the Forest Service shall review the fee and adjust the fee as necessary to assure that it is commensurate with the fair market value of the authorized use, as determined by appraisal or other sound business management principles.

J. Late Payment Interest Charge (A6). Pursuant to the Federal Claims Collection Act of 1966, as amended, 31 U.S.C. 3717, et seq, regulations at 7 CFR Part 3, Subpart B, and 4 CFR Part 102, an interest charge shall be assessed on any amount due but not received by the due date. Interest shall accrue from the date the payment or financial statement was due. Administrative costs shall also be assessed in the event two or more billings are required for delinquent accounts. In addition, an administrative penalty at a percentage rate prescribed by law or

regulation shall be assessed for failure to pay any portion of the debt that is more than 90 days past due. This paragraph shall survive the termination or revocation of this authorization, regardless of the cause.

Disputed fees are due and payable by the due date. No appeal of fees shall be considered by the Forest Service without full payment of the disputed amount.

K. Superseded Authorization (X18). This authorization supersedes a special-use authorization designated: Merlin Lester HBE504001.

L. Disputes (X96). Appeal of any provisions of this authorization or any requirements thereof shall be subject to the appeal regulations at 36 CFR 251, Subpart C, or revisions thereto.

#### ACCEPTANCE

This easement is accepted subject to all terms and conditions.

 - Pres  
APW Corporation

08-02-04

Date

IN WITNESS WHEREOF, the Grantor, by its Forest Supervisor, Forest Service, has executed this easement pursuant to the delegation of authority by the Secretary of Agriculture to the Assistant Secretary for Natural Resources and Conservation, the delegation of authority by the Assistant Secretary for Natural Resources and Conservation, to the Chief, Forest Service, 7 CFR 2.60, and the delegation of authority by the Chief, Forest Service, dated August 16, 1982, (47 FR 36465), on the day and year first above written.

UNITED STATES OF AMERICA

By: Mary Peterson  
MARY H. PETERSON  
Forest Supervisor  
Forest Service  
Department of Agriculture

ACKNOWLEDGMENT

State of Wyoming )  
                          ) ss:  
County of Albany )

The foregoing was acknowledged before me this 11 day of August, 2004, by

Mary H. Peterson

Pamela M. Baltimore  
Signature

Seal

PAMELA M. BALTIMORE P.  
Type or Print Name

My Commission Expires: March 31, 2005

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0596-0082.

This information is needed by the Forest Service to evaluate requests to use National Forest System lands and manage those lands to protect natural resources, administer the use, and ensure public health and safety. This information is required to obtain or retain a benefit. The authority for that requirement is provided by the Organic Act of 1897 and the Federal Land Policy and Management Act of 1976, which authorize the Secretary of Agriculture to promulgate rules and regulations for authorizing and managing National Forest System lands. These statutes, along with the Term Permit Act, National Forest Ski Area Permit Act, Granger-Thye Act, Mineral Leasing Act, Alaska Term Permit Act, Act of September 3, 1954, Wilderness Act, National Forest Roads and Trails Act, Act of November 16, 1973, Archaeological Resources Protection Act, and Alaska National Interest Lands Conservation Act, authorize the Secretary of Agriculture to issue authorizations for the use and occupancy of National Forest System lands. The Secretary of Agriculture's regulations at 36 CFR Part 251, Subpart B, establish procedures for issuing those authorizations.

The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service.

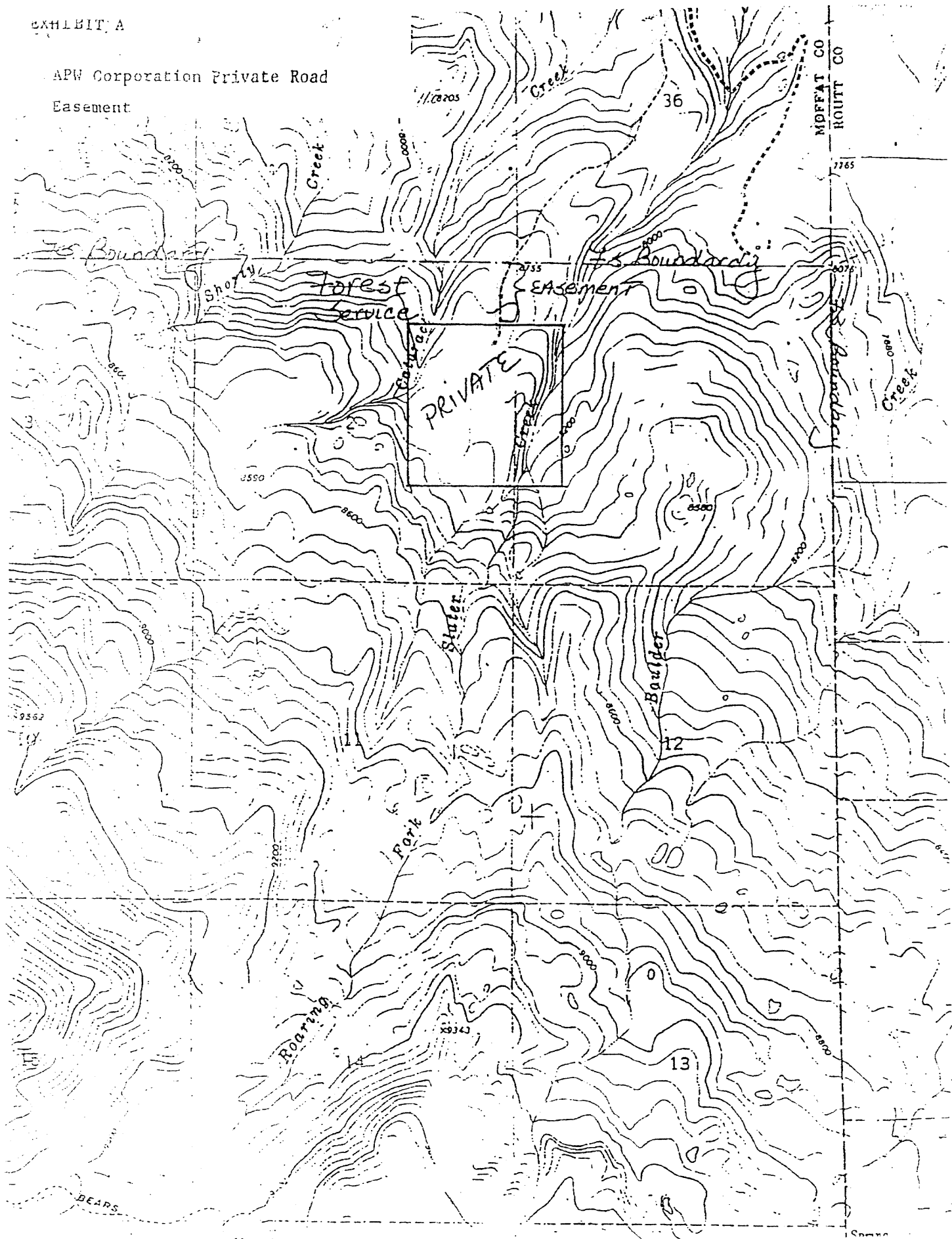
Public reporting burden for this collection of information, if requested, is estimated to average 1 hour per response for annual financial information; average 1 hour per response to prepare or update operation and/or maintenance plan; average 1 hour per response for inspection reports; and an average of 1 hour for each request that may include such things as reports, logs, facility and user information, sublease information, and other similar miscellaneous information requests. This includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

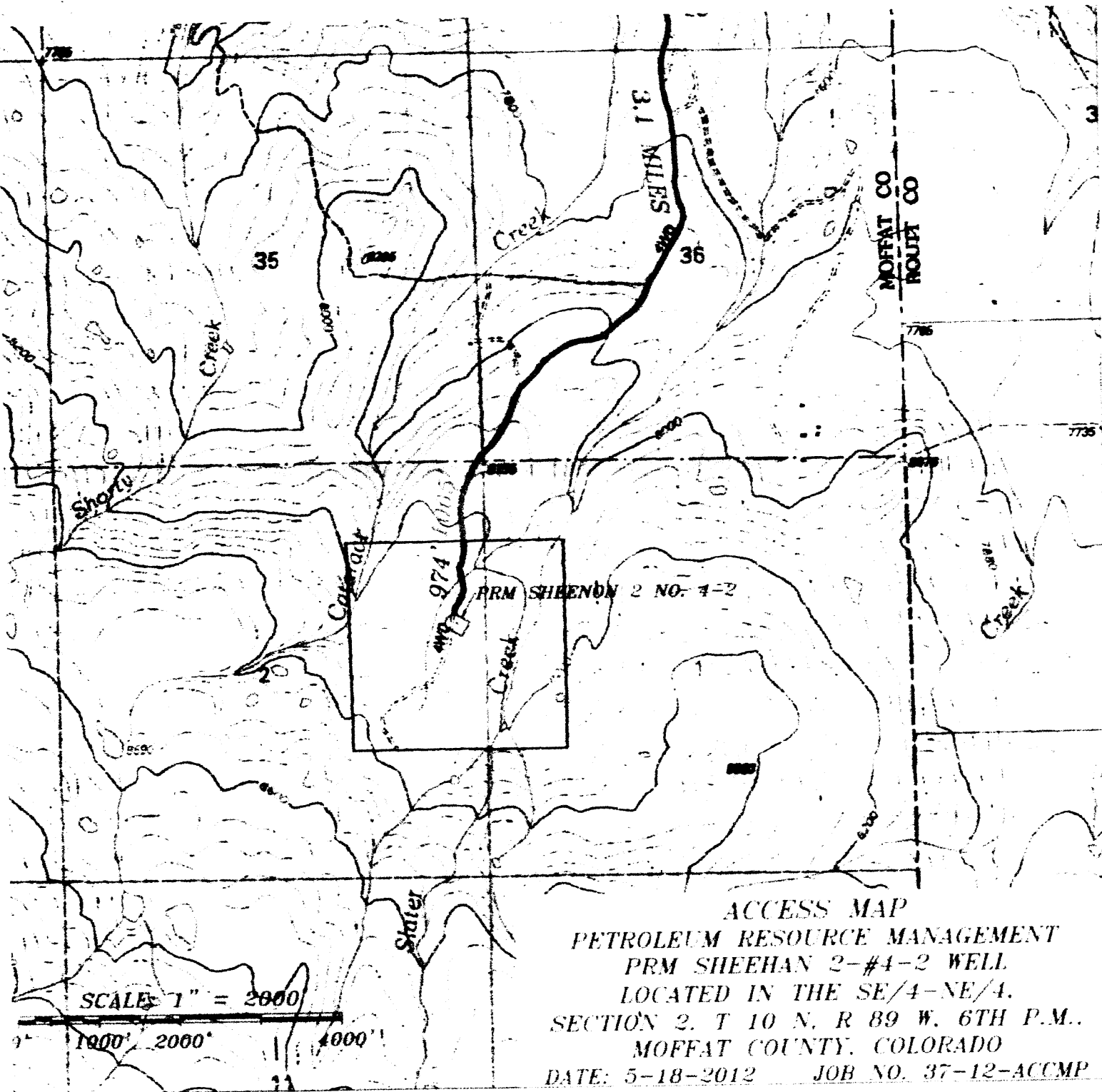


[illegible]

EXHIBIT A

APW Corporation Private Road  
Easement





APW SUA \$15/rod for 974' + 1065' = 2039'

1 rod = 16.5 feet , 2039' = 123.6 rods, \$1854

Payment for Access road, rounded up to \$2000.00

21 6/19/2012  
 CLK # 6102