



SURFACE USE AND EASEMENT AGREEMENT

This AGREEMENT dated the 21st day of December 2013, by and between James Burr Farrier and Michele Z. Farrier, whose address is 150 Table Rock East Rd, Alta, WY 83414, (“Grantor”), and Kinder Morgan CO2 Company, L.P., a Texas Limited Partnership whose address is 1001 Louisiana Street, Suite 1000, Houston, TX 77002, (“Grantee”).

WITNESSETH:

In consideration of the sum of Ten and More Dollars (\$10.00+), Grantor and Grantee agree as follows:

Grantor agrees to and hereby provides to Grantee the right, privilege, and easement to construct, use, create, relocate, or modify a well pad approximately 5 acres, more or less. Together with a road or roads not to exceed a width of fifteen (15) feet on each side of center, of the usual (graveled) or customary character, and includes the right, privilege, and easement to construct, operate, maintain, protect, inspect, test, repair, alter, replace, move, remove, change the size of and abandon in place a pipeline or pipelines, and flow lines, and includes the right, privilege, and easement to drill, test, complete, re-complete, rework, re-enter, pump, operate, construct, and maintain a well, associated production facilities, and pipelines, and the right, privilege, and easement to construct, operate, maintain, protect, inspect, a well pad location as shown on the well pad planview & cross sections location plat attached as Exhibit “C”, hereto and made a part hereof. Grantee shall have the full and complete use of the original well pad for future operations, except for the defined building envelope area, the terms, conditions of which are defined in paragraph 9. of that certain unrecorded letter agreement of even date, with the right and privilege to reduce the size of said well location during interim reclamation periods, together with the right and privilege to enlarge the size of the well location from interim reclamation size to the original limits of disturbance size of location to allow Grantee reasonable and necessary use of the surface estate “to explore for, develop, test, and produce oil and gas (including but not limited to Carbon Dioxide Gas “CO2”)” (“subsequent operations”) located within the following-described real estate situated in Montezuma County, Colorado, to-wit:

Township 38 North, Range 18 West, N.M.P.M.
Section 6: Lot 8 (NE1/4NE1/4)
Montezuma County, Colorado
(the “Land”)

Notwithstanding anything to the contrary contained herein, both Grantor and Grantee acknowledge that all references to pipelines and flowlines under this specific agreement shall be limited to within the exterior boundary of the “limits of disturbance as depicted on the well pad planview and cross sections plat dated 07/20/2013, attached hereto and made a part hereof.



1. Grantor and Grantee agree that the premises are to be utilized by the Grantee for the purpose of constructing a well pad and access road to one (1) CO2 well site located on Grantor's Land as depicted on Exhibits "A", "B" and "C", attached hereto and made a part hereof.

2. Grantee shall have full and complete use and access to the original approximately 5 acre, more or less well pad location at all times. Grantor and Grantee further agree that the payment is for all damages to the real estate, including, but not limited to, damages to growing crops, trees, sod, damage to croplands, Conservation Reserve Program reimbursements or losses, construction of access road and preparation and use of the well location area, preparation and use of reserve pits, and construction, installation, and maintenance of production equipment and production facilities, such as pipelines (to the extent provided within this agreement), separators, tank batteries and other equipment or facilities necessary or convenient for the production, testing, transportation, and sale of oil, gas and other materials, and rights of ingress and egress to and from, and at all times over and along and upon the real estate for the purposes herein expressed. Notwithstanding the preceding, Grantor and Grantee further agree that the consideration for potential future damages to crops resulting from the rights and privilege of Grantee to enlarge the size of the well pad location from interim reclamation size to the original limits of disturbance size of location to allow Grantee reasonable and necessary use of the surface estate "to explore for, develop, and produce oil and gas (including but not limited to Carbon Dioxide Gas "CO2")" ("subsequent operations")" will be based on crop values per acre at such time or times.

3. This Agreement shall have a term co-extensive with the life of the well to which access is hereby authorized and so long thereafter as needed. Any abandoned well will be plugged and abandoned according to the procedures set by the Colorado Oil & Gas Commission.

4. Grantee shall maintain the road(s) in a condition comparable to other existing trails and roads, and install culverts, cattle guards, and/or gates where appropriate and mutually agreed upon; provided, however, that future changes in the use of the premises by Grantor which require the addition or modification of gates, cattle guards, culverts or similar facilities, shall be the sole responsibility of the Grantor. Grantee agrees to a yearly weed control to keep well pads and roads clear of all types of unwanted weeds.

5. Grantee hereby indemnifies and holds Grantor harmless from and against any and all claims, damages and causes of action arising out of Grantee's operations on the Property, unless such claims, damages or causes of action result in whole or in part from Surface Owner's conduct on the Land. Grantor hereby indemnifies and holds Grantee harmless from and against any and all claims, damages and causes of action asserted against Grantee by any surface tenant or occupant of Surface Owner's Land in connection with any damage or disturbance caused by Grantee to lands or growing crops asserted by such occupant or surface tenant. Grantor may allocate the payment hereunder with any surface tenant or occupant, if applicable, as they shall mutually determine between themselves and Grantee shall have no responsibility in connection therewith. The payment and other agreements made by Grantee and contained herein constitute the full and entire consideration to be paid by Grantee to Grantor, for all damages (except for potential future damages to crops resulting from Grantee's "subsequent operations" as specified and provided for in that certain unrecorded letter agreement of even date)", to and use of the surface of the Land resulting from Grantee's reasonable oil and gas activities.

6. This agreement is subject to an unrecorded Letter Agreement of even date by and between the parties hereto relative to the above-described real estate. No variations, modifications or changes shall be binding upon either party unless set forth in a document duly executed by both parties. Further, this Agreement shall not be interpreted or construed to be an adaptation of any other agreement between the parties hereto, or their predecessors, and nothing contained herein shall in any way be construed to mean the adoption, ratification or waiver of any other agreement between the parties hereto.

7. This Agreement shall be construed, interpreted and governed by the laws of the state where the Land is located. This Agreement is binding upon the heirs, successors and assigns of the parties hereto and the privilege of assigning in whole or in part is expressly allowed.

8. Grantor agrees that the Grantee shall have the right at any time to redeem for Grantors, by payment, any mortgage, taxes or other liens on the above-described real estate in the event of default of payment by the Grantor. The Grantee shall then be subrogated to the rights of the holder thereof and the Grantor agrees that any such payments made by the Grantee for the Grantor may, at Grantee's option, be deducted from any amount of money, which becomes due or payable to the Grantor pursuant to the terms of this Agreement.

9. This Agreement is subject to the terms and conditions as set forth in that certain Letter Agreement dated December 21, 2013 entered into by and between Grantor and Grantee.

10. Surface Owner agrees that the terms of this Agreement reasonably accommodate Surface Owner's use of the Land pursuant to C.R.S. § 34-60-127.

11. **No Waiver of Rights.** This Agreement or even the willingness to consider executing this Agreement will not be construed as a waiver of any rights of ingress or egress, access or other reasonable use of the surface that Kinder Morgan has under any oil and gas lease or other agreement or under any local, state or federal laws, rules or regulations, pertaining to the Land. This Agreement is intended to avoid any issue or question as to the use of the Land but is not a waiver of other contractual or legal rights in the event this Agreement is deemed unenforceable for any reason. Kinder Morgan reserves its rights under all existing leases, contracts, laws, rules and regulations regarding the ingress or egress, access and other reasonable use of the surface of the Land.

12. **Consultation and Meeting Procedures.** Grantor hereby confirms the consultation and meeting procedures requirements as required by Rule 306 of the Colorado Oil and Gas Conservation Commission ("COGCC") rules have been fulfilled by Grantee.

13. **Notices.** Grantor hereby confirms that the surface owner Notices requirements as required by Rule 305 of the COGCC have been fulfilled by Grantee and furthermore, Grantor hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by Rule 305.f of the COGCC rules and has received the brochure, "Information for Oil and Gas Operators, Surface Owners and Surface Tenants," as per COGCC Rule 305.f.

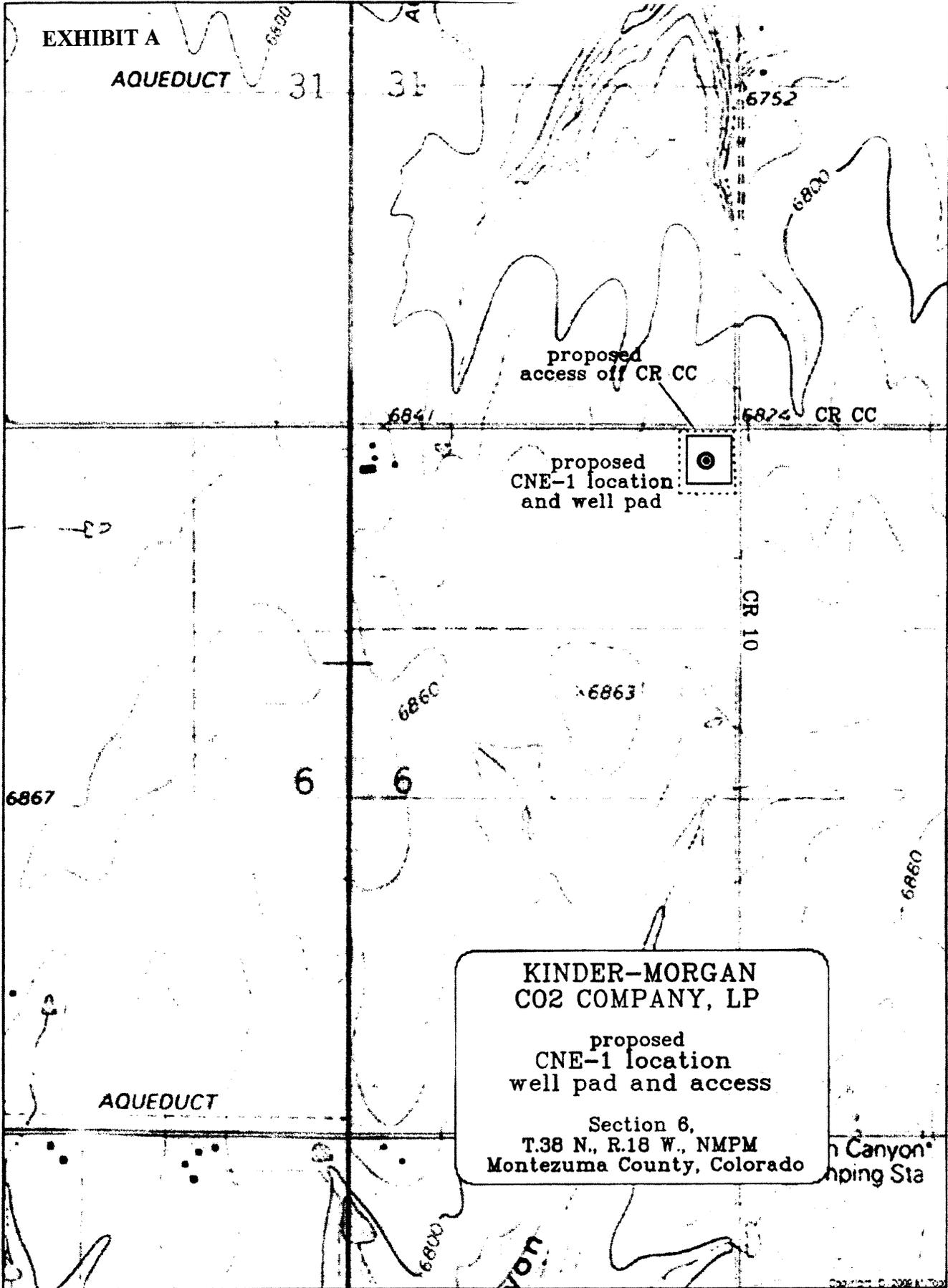
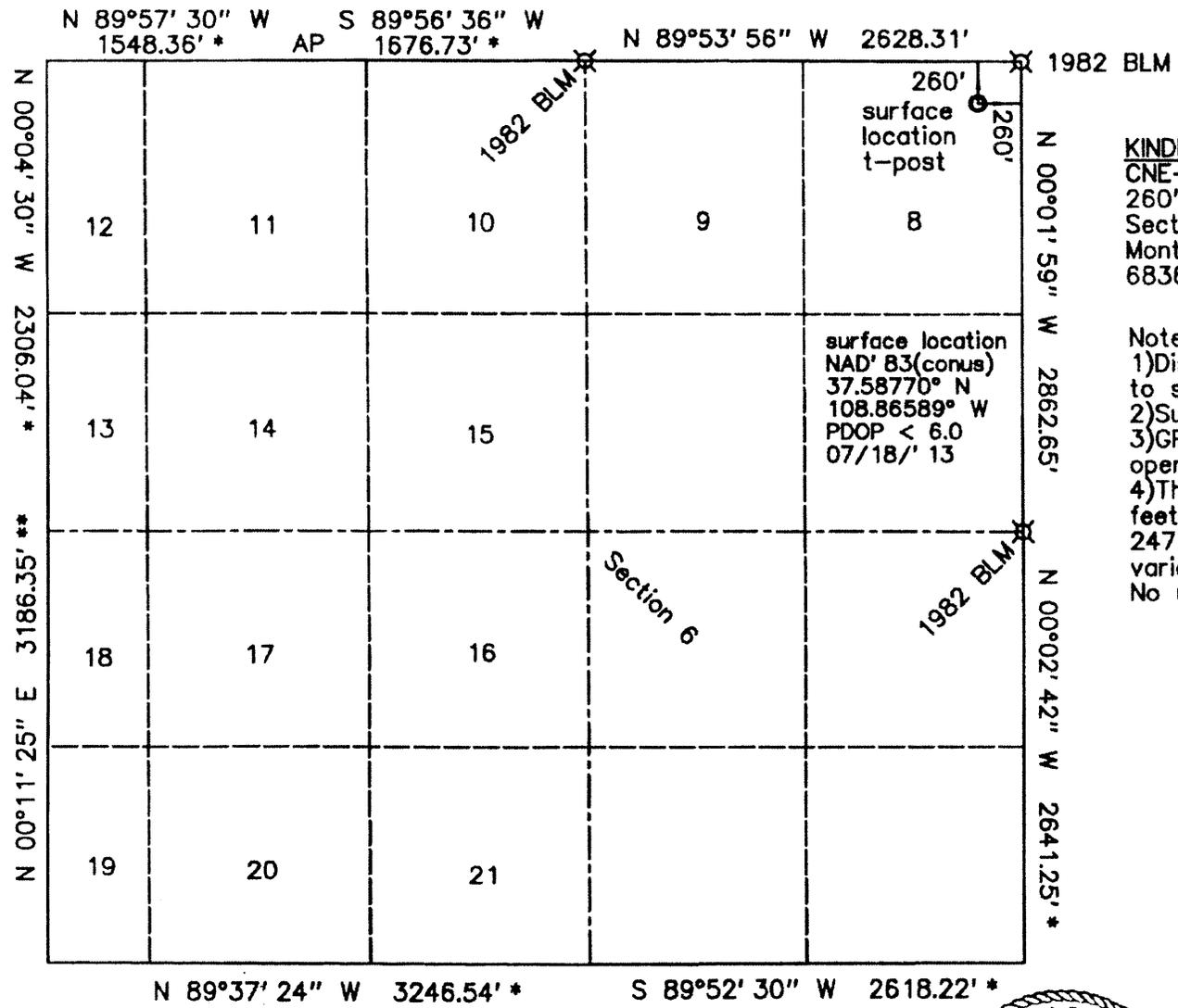
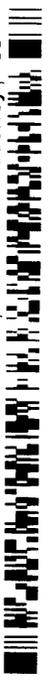


EXHIBIT B

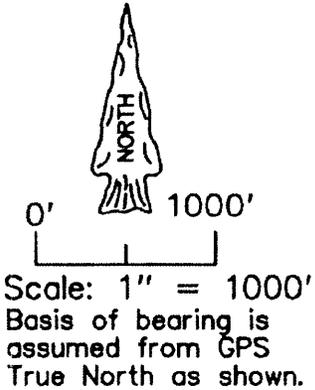
WELL LOCATION PLAT
page 1 of 1

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Page: 6 of 7 R 41.00 D 0.00 T 41.00
Carol Tullis Clerk/Recorder, Montezuma County, Co



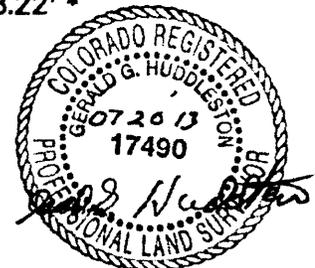
KINDER MORGAN CO2 COMPANY, LP
CNE-1
260' FNL & 260' FEL
Section 6, T.38 N., R.18 W., NMPM
Montezuma County, CO
6836.9' grd. el. NAVD '88 (from OPUS)

- Notes:
- 1) Distances/dimensions are perpendicular to section/aliquot lines.
 - 2) Surface use is Fee irrigated farming.
 - 3) GPS was corrected with OPUS, GPS operator was R.J. Caffey, CO LS 36562.
 - 4) There are no buildings within 500 plus feet, there is a County Road 10 at 247 feet, power line at 290 feet and various underground utilities outside pad. No utility spot was conducted.



date of survey : 07/18/2013
date of plat : 07/20/2013

KNOW ALL MEN BY THESE PRESENTS that I, GERALD G. HUDDLESTON, do hereby certify that this plat was prepared from field notes of an actual survey made by me or under my supervision and that the same is true and accurate to the best of my knowledge and belief.



- ⊗ standard monument
- set standard monument
- * from record plat
- ** calculated

EXHIBIT C

