

## SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement ("Agreement") is effective the 25th day of January, 2013, by and between Betty J. Pappenheim and Ronald L. Pappenheim, whose address is 20112 Weld County Road 76, Eaton, Colorado 80615 ("Owner"), and Bill Barrett Corporation, a Delaware corporation, whose address is 1099 18<sup>th</sup> Street, Suite 2300, Denver, CO 80202 ("Operator").

### RECITALS

- A. Owner owns the surface of the real property in Weld County, Colorado (the "Property"), legally described as:

Township 6 North, Range 62 West, 6<sup>th</sup> P.M.

Section 27: A tract of land described on the attached Exhibit "A"

Section 23: A tract of land described on the attached Exhibit "A"

- B. Operator is the owner/operator of a working interest in oil and gas leases ("Leases") granting Operator certain leasehold rights to minerals beneath the surface of the Property and adjacent properties. These rights include, but are not limited to, the right of access and the right of reasonable use of the surface for temporary and permanent installations.
- C. Operator is preparing to develop said leasehold rights, including the construction of a drilling pad or pads at locations complying with Colorado Oil and Gas Conservation Commission ("COGCC") Orders and Regulations on the Property from which one or more wells are contemplated to be drilled, roads, pipelines and other facilities necessary or convenient for production, storage and gathering of oil and gas from said pad sites and proposes to conduct drilling and subsequent production operations on the Property.
- D. Owner and Operator desire to enter into this Agreement as a supplement to, but not in derogation of, Operator's leasehold rights, including the right to drill future wells in addition to those enumerated herein.
- E. Owner and Operator desire to minimize any surface damage to the Property and to reach an agreement regarding such surface damage.
- F. Owner and Operator wish to memorialize their agreement concerning the payment for damages to the surface of the Property in connection with Operator's use of the Property for drilling, construction, completion, recompletion, reworking, re-entry, production, maintenance and operation of the Well(s) and installation of all pipelines, tank batteries, temporary surface lines and other facilities or property of Operator or its affiliates associated with the Well(s) and field Facilities.

NOW THEREFORE, for and in consideration of \_\_\_\_\_ and other good and valuable consideration paid to Owner by Operator, the receipt and sufficiency of which are hereby acknowledged, and the payments, covenants and agreements provided herein, Owner does hereby grant the rights, easements and releases provided for herein, subject to the consideration provided for herein and the terms and conditions contained herein.

Owner hereby acknowledges, confirms and ratifies Operator's rights of ingress and egress and to install and operate Facilities on the Property, or lands pooled therewith authorized under terms of its oil

and gas leases. For the consideration provided for herein, Owner hereby expressly grants and conveys such easements on and across the Property as may be necessary or convenient for Operator's operation of its field Facilities as referenced herein, whether the physical location of such Facilities is on the Property or on lands owned by other parties, for a term of two years beyond expiration of a term running commensurate with the extended term of the Operator's last valid and subsisting oil and gas lease under the Property, or lands pooled therewith. Owner and Operator hereby acknowledge and agree that Owner hereby grants to Operator the right to utilize the Property to drill, produce and transport production from bottom-hole locations on third party lands situated adjacent or diagonal to the Property, provided Owner is compensated as provided herein for each well drilled from a surface location situated on the Property in accordance with the compensation terms provided herein.

Owner hereby releases and discharges Operator, its agents, employees, contractors and licensees from and against any and all claims by Owner for damages, of whatsoever nature and character, including, but not limited to, diminution in value of the Property arising from, incident to, or in connection with Operator's oil and gas operations in the area, including, but not limited to: geophysical exploration; surveying; locating; drilling, including directional drilling to access subsurface locations under the Property or third party lands located adjacent, diagonal to, or in the proximity of the Property and any lands pooled therewith; the stimulating, re-stimulating, completing, recompleting, deepening, producing, maintaining, plugging, and abandoning of oil and gas wells; installing and operating of temporary surface lines necessary for drilling and completion operations; installation and operation of subsurface pipelines and production facilities necessary or convenient for the operation of wells on the Property or lands owned by third parties in the vicinity of the Property; and for constructing, maintaining and reclaiming the well pad(s), production facilities, pipelines and roads. For the purposes of this Agreement, the terms drilling pads, wells, temporary surface lines, buried pipelines, production and storage facilities and roads located on or crossing the Property used for field production, gathering, secondary recovery, storing, transportation, and artificial lift purposes are referred to herein collectively as the "Facilities" and the term "Operations" shall mean those oil and gas activities authorized under Operator's oil and gas leases covering the Property, or lands pooled therewith.

#### PROVISIONS

1. Prior to the commencement of construction of any pad on the Property, Operator shall pay Owner the sum of \_\_\_\_\_ location as damage compensation for construction of such pad, the drilling of the initial well on said pad and all temporary surface lines, permanent subsurface pipelines, access roads, and all other Facilities associated with such pad or production therefrom. For the second and each subsequent well drilled from such pad, Operator shall pay, prior to commencement of drilling said wells, an additional sum of \_\_\_\_\_ per additional wellbore (all such payments referred to herein as the "Damage Amount"). Such payment shall constitute payment in full by Operator and its affiliates for all normal damages, including, but not limited to, damages to growing crops associated with the drilling, construction, stimulating, re-stimulating, completion, recompletion, reworking, re-entry, production, operation and maintenance of the Facilities; reasonable and customary ingress and egress; rights-of-way; construction of all access roads; preparation and use of the drillsite area; preparation and use of reserve and completion pits; and construction, installation and maintenance of production equipment and Facilities, such as temporary surface lines, buried pipelines, separators, tank batteries and other equipment or Facilities necessary or convenient for the production, transportation and sale of oil and/or gas therefrom. In the event Operator desires to construct more than one pad, a similar Damage Amount will be paid to Owner for each such pad and wells drilled on each respective pad in the same amounts and in the same manner as specified above for the initial pad and associated wells.

2. Operator may exercise its rights hereunder for all purposes necessary or convenient for Operator to perform the Operations, including the right of unimpeded ingress and egress across the Property to conduct the requisite archaeological and other pre-drilling activities necessary to permit its Facilities, to access the Facilities and to install and operate Facilities. Operator may assign or delegate to

a third party the right to install and operate pipelines in order to connect the Facilities to a gas gathering system. The access easement and other easements provided for herein shall be non-exclusive and may be used by Owner and its successors, lessees and assigns so long as such use does not interfere with the Operator's authorized activities.

3. Operator agrees to employ best industry standards in an effort to conserve land and water and to minimize disruption to the surface of the Lands, where practical. In this regard, Operator and Owner agree that in order to minimize vehicle traffic, minimize the size of onsite water storage facilities and completion pits necessary to drill and complete Wells on the Well Pad, and to reduce the amount of fresh water required for operations by the recycling of existing water supplies, Operator may utilize temporary surface lines, where practical, on the surface of the Property to move water and/or completion material to, from and between Well Pads or pits located on the Property and in the vicinity of the Property. Operator shall promptly remove such temporary lines after drilling and completion operations on the Well Pad are completed, and restore the surface of the Property to the condition that existed prior to installation.

4. Notwithstanding Owner's release of Operator from any and all damage claims incident to normal and customary operations, Operator, in its sole judgment, shall either repair, replace, or compensate Owner for damage to personal property or to improvements on the Property, such as damage to buildings, fences, gates, culverts and livestock, and for other such extraordinary losses or physical damages caused by Operator. Operator agrees to promptly compensate Owner for such extraordinary losses and physical damages caused by Operator or to commence the repair or replacement of said loss or damage at the earliest practical opportunity, subject to weather and ground conditions and optimization of the growing season and other considerations, such as delays due to landowner requests. Any failure to reach mutual agreement with respect to such remedy shall not, however, be deemed to constitute a breach or abrogation of this Agreement, nor to terminate or diminish the grants, conveyances, rights and obligations contained herein.

5. During construction of the road, culverts shall be installed at ditch and drainage crossings when requested by owner where the road crosses such ditches or drainages and shall be sized to prevent obstruction to the free flow of the volumes of water being carried, inclusive of flood stages. Operator shall take reasonable measures to protect all water sources and conveyance structures, including but not limited to the natural flow of creeks, wells and ditches, from all operational activities and shall immediately remedy any diversion, curtailment or blockage of water flows or contamination of water sources.

6. Operator hereby agrees to indemnify and hold Owner harmless from and against any and all third party claims, losses, liability, damages, and causes of action for personal injury or property damage caused by Operator's Operations, unless, and to the extent that, Owner's negligence causes or contributes to such third party claims.

7. Owner has requested that all consultation be conducted directly with Owner. Accordingly, Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops, livestock, property, surface use or improvements which could be affected by the Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other such party resulting from the Operations shall be settled by Owner, and Owner hereby agrees to indemnify and hold Operator harmless from and against any such claims.

8. Operator agrees to perform all surface reclamation in accordance with the rules and regulations of the Colorado Oil & Gas Conservation Commission ("COGCC"), unless a variance therefrom is granted by the COGCC or Owner requests otherwise. Operator shall endeavor to keep the well pad(s), the production facilities, and the pipeline and road easements free of weeds and debris, and to control erosion thereon.

9. Operator will provide Owner with ten (10) days' notice by mail, phone call or personal visit prior to commencing Operations on the Property with heavy equipment. Owner acknowledges that this notice complies with, or hereby waives, all COGCC and statutory requirements that it be given advance

notice by Operator of the Operations.

10. Owner hereby agrees to waive all thirty (30) day notices as required by the COGCC for issuing APDs and as may be required under provisions of COGCC Rule 305. Said agreement further provides that the provisions of Rule 306.a. "Consultation with surface owner" have been met and/or waived.

11. Owner acknowledges and agrees that Operator has consulted in good faith with Owner as to its proposed Operations, in accordance with COGCC requirements, or hereby waives such requirements. Owner expressly waives the application of any COGCC setbacks inconsistent with this Agreement, including, but not limited to, setbacks for high density areas and surface lot lines. Owner expressly waives the limitation of one surface pad on any one governmental quarter quarter section. Owner expressly waives any right to appeal COGCC issuance of drilling permits, including COGCC conditions of approval of Operator's applications for such permits.

12. Owner expressly acknowledges and agrees that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligation of Operator to accommodate Owner's use of the surface of the Property, existing or future, and waives any statutory or common law claim to the contrary.

13. Owner does not hereby consent to the conduct of wildlife surveys on the Property or to the imposition of timing restrictions, buffer zones or other conditions of approval, stipulations, or standard operating practices related to wildlife protection and habitat preservation by the COGCC with respect to the Facilities. However, if Operator is required to conduct any such studies, Owner hereby grants its consent to access the property for the purpose of conducting said studies.

14. Owner hereby consents to the establishment of a reclamation reference area, as designated on Exhibit "B," and agrees to provide the COGCC with reasonable access to said reclamation reference area.

15. Owner agrees that Operator may record a Memorandum of this Agreement to put successors or assigns on notice that the Property are subject to this Agreement. Upon request by Operator, Owner agrees to execute said Memorandum of Agreement, should Operator deem Owner's execution necessary. Owner further agrees to include a note regarding this Agreement in any annexation, subdivision plat, planned unit development or other land use designation or approval for which Owner may apply. In all other respects, the parties intend and agree to keep the specific terms hereof confidential.

16. In construing this Agreement, no consideration shall be given to the fact or presumption that one party has had a greater or lesser hand in drafting this Agreement than the other party. All exhibits attached hereto are incorporated herein by reference.

17. This Agreement shall be subject to, and construed under, the laws of the State of Colorado, without regard to its conflict of law provisions, and jurisdiction and venue shall be solely in the courts of the State of Colorado, subject to the right of either party to remove a matter to federal court.

18. Each of the undersigned Owners or principals of the parties represents and warrants that such person has the requisite corporate or legal authority to bind the respective parties to this Agreement.

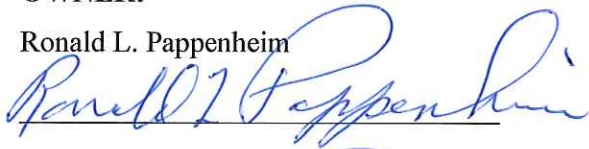
19. This Agreement shall become effective when it is fully executed and shall remain in full force and effect for a period of twenty-four (24) months following the expiration of Operator's leasehold estate underlying the Property, or land pooled therewith and Operator has plugged and abandoned all wells and conducted reclamation in accordance with this Agreement and applicable COGCC rules and regulations, except that any release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement.

20. This Agreement shall extend to and bind Owner and Operator, and their respective heirs, personal representatives, successors and assigns.

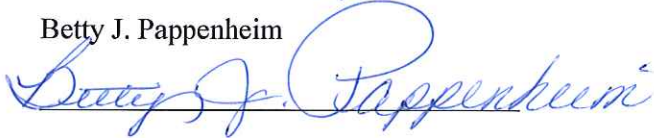
IN WITNESS WHEREOF, the Parties have executed this Agreement, effective this 25  
day of JANUARY, 2013.

**OWNER:**

Ronald L. Pappenheim

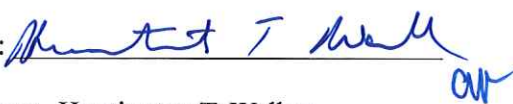


Betty J. Pappenheim



**OPERATOR:**

**BILL BARRETT CORPORATION**

By:  *HW*

Name: Huntington T. Walker

Title: Senior Vice President – Land

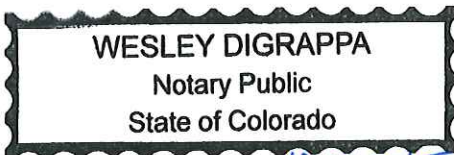
**ACKNOWLEDGEMENTS**

STATE OF COLORADO                     )  
   ) ss.  
CITY AND COUNTY OF DENVER )

On this 20<sup>th</sup> day of FEB. 2013, before me personally appeared Huntington T. Walker, known to me to be the Senior Vice President – Land of BILL BARRETT CORPORATION and that he executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

My Commission Expires: 10.10.2015



My Commission Expires 10.10.2015

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

*[Handwritten signature of Wesley Digrapa]*

STATE OF COLORADO                     )  
   ) ss.  
COUNTY OF WELD                             )

The foregoing instrument was acknowledged before me this 25 day of JANUARY, 2013 by Betty J. Pappenheim and Ronald L. Pappenheim.

My commission expires 7-7-2016

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

*[Handwritten signature of Michael A. Rutherford]*



STATE OF COLORADO                     )  
   ) ss.  
COUNTY OF WELD                             )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2013 by \_\_\_\_\_.

My commission expires \_\_\_\_\_

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

Exhibit "A"  
Surface Damage and Release Agreement  
Betty J. and Ronald L. Pappenheim to Bill Barrett Corporation  
Section 27, Township 6 North, Range 62 West, 6<sup>th</sup> P.M.  
Effective the 25 day of JANUARY, 2013

**Parcel 1:**

A TRACT OF LAND LOCATED IN SECTION 27, T6N, R62W OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO. DESCRIBED AS FOLLOWS:  
BASIS OF BEARINGS: THE WEST LINE OF SECTION 27 ASSUMED TO BEAR S01°36'31"W COMMENCING AT THE NW CORNER OF SAID SECTION 27 THENCE S01°36'31"W, 4765.77 FEET ALONG THE WEST LINE OF SAID SECTION 27 TO A BARBED WIRE FENCE;  
THENCE ALONG SAID FENCE THE FOLLOWING THIRTEEN (13) COURSES:  
1) S88°23'29"E, 34.05 FEET; 2) N86°46'49"E, 1534.52 FEET; 3) S70°18'25"E, 160.97 FEET; 4) N89°44'11"E, 1707.60 FEET; 5) N57°03'29"E, 995.20 FEET; 6) N35°57'57"E, 17.57 FEET; 7) N04°16'01"W, 1843.06 FEET; 8) N04°13'27"W, 1021.54 FEET; 9) N10°59'45"E, 14.35 FEET; 10) N34°15'14"E, 455.32 FEET; 11) N13°25'00"E, 690.52 FEET; 12) N59°23'54"E, 12.59 FEET; 13) N00°03'04"W, 246.24 FEET TO THE NORTH LINE OF THE NE1/4 OF SAID SECTION 27;  
THENCE S89°56'09"W, 1640.57 FEET ALONG THE NORTH LINE OF THE NE1/4 OF SAID SECTION 27 TO THE N1/4 CORNER OF SECTION 27;  
THENCE S89°59'50"W, 2713.89 FEET ALONG THE NORTH LINE OF THE NW1/4 OF SECTION 27 TO THE TRUE POINT OF BEGINNING.

**Parcel 2:**

A TRACT OF LAND LOCATED IN SECTION 23, T6N, R62W OF THE 6TH P.M., COUNTY OF WELD, STATE OF COLORADO, DESCRIBED AS FOLLOWS:  
BASIS OF BEARINGS: THE NORTH LINE OF THE NW1/4 OF SECTION 23 ASSUMED TO BEAR N89°58'04"E COMMENCING AT THE NW CORNER OF SAID SECTION 23 THENCE S00°56'34"W, 1319.94 FEET ALONG THE WEST LINE OF THE NW1/4 OF THE NW1/4 OF SAID SECTION 23; THENCE S01°01'24"W, 1318.84 FEET ALONG THE WEST LINE OF THE SW1/4 OF THE NW1/4 OF SAID SECTION 23 TO THE W1/4 CORNER OF SECTION 23; THENCE S00°59'30"W, 2638.20 FEET ALONG THE WEST LINE OF THE SW1/4 OF SAID SECTION 23 TO THE SW CORNER OF SECTION 23; THENCE S89°38'30"E, 2705.95 FEET ALONG THE SOUTH LINE OF SECTION 27 TO THE CENTER OF A 12' WIDE DIRT ROAD;  
THENCE ALONG THE CENTERLINE OF SAID DIRT ROAD THE FOLLOWING FIFTEEN (15) COURSES:  
1) N20°43'15"E, 541.93 FEET; 2) N20°25'51"E, 240.88 FEET; 3) N21°37'33"E, 307.00 FEET; 4) N15°39'43"E, 116.80 FEET; 5) N09°38'08"E, 115.15 FEET; 6) N03°09'26"E, 623.43 FEET; 7) N02°05'26"E, 403.89 FEET; 8) N02°30'44"E, 398.03 FEET; 9) N02°17'16"E, 770.50 FEET; 10) N02°09'36"E, 1085.15 FEET; 11) N03°54'20"E, 174.64 FEET; 12) N00°28'28"E, 158.29 FEET; 13) N02°04'25"E, 208.28 FEET; 14) N09°09'23"W, 155.05 FEET; 15) N00°01'51"W, 79.14 FEET TO THE NORTH LINE OF THE NE1/4 OF SAID SECTION 23;  
THENCE S89°58'09"W, 617.56 FEET ALONG THE NORTH LINE OF THE NE1/4 OF SAID SECTION 23 TO THE N1/4 CORNER OF SAID SECTION 23; THENCE S89°58'04"W, 2571.38 FEET ALONG THE NORTH LINE OF THE NW1/4 OF SAID SECTION 23 TO THE TRUE POINT OF BEGINNING.

6N/62W

15



Bill Barrett Corporation

Pappenheim SUA  
Exhibit

22

23

27

26

## Legend



Pappenheim SUA Area

Source: Esri, DigitalGlobe,  
Aerogrid, IGN, IGP, sw

0 750 1,500 3,000 4,500  
Feet

D:\B\_PappenheimSUA\_Exhibit\_20140220.mxd - By: CMB 2/2014