

## SURFACE DAMAGE AGREEMENT & RELEASE

KNOW ALL MEN BY THESE PRESENTS:

That for and in consideration of the sum of Ten and More Dollars (\$10.00 +), paid to the undersigned by **Elm Ridge Exploration Company, LLC** (hereinafter called "Operator"), receipt of which is hereby acknowledged, **the Damon W. Ardourel Trust**, hereinafter called "OWNER") and their heirs, successors, and assigns, as the OWNER of the hereinafter described lands, do hereby release Operator, its successors, agents and employees from any and all claims for damages to the surface of the hereinafter described lands in La Plata County, Colorado, resulting from the ingress and egress, drilling, completion, operation, maintenance and/or abandonment of the IGW 143 well situated upon and under the hereinafter described lands:

Township 33 North, Range 8 West, N.M.P.M.  
Section 18: Lots 3 and 4

The wellhead is to be located approximately 1462 feet from the South line and 1085 feet from the West line and will lie, as much as is reasonably possible, within the perimeter of the previously disturbed area in the vicinity of the Elm Ridge, Julian 1A well pad as shown by the attached Exhibit "A".

Operator shall use only such portions of the described lands as are reasonably necessary; however, the surface area actually used for the well pad shall not be more than 1.50 acres in size for drilling and completion operations. Operator shall have full and complete access to the original 1.50 acre well pad at all times for subsequent well operations.

OWNER hereby grants unto Operator and easement for the existing road across the above referenced property as shown on the attached Exhibit "A". The parties hereto shall cooperate with each other concerning the use and enjoyment of the subject road except for the purposes herein granted, but such use shall not hinder, conflict, or interfere directly or indirectly with the exercise of the Operator's rights hereunder.

OWNER further releases Operator, its successors, agents and employees from any and all claims for damages for loss of growing crops on the hereinafter described lands resulting directly or indirectly from the drilling, completion, operation, maintenance and/or abandonment of the well identified above.

The consideration paid hereunder shall also compensate the OWNER for damages sustained or which may be sustained, as a direct or indirect result of the construction, maintenance and subsequent use of the access road and production facilities necessary for Operator, its successors, agents, and employees to properly conduct operations and maintenance activities associated with the well identified above. Operator shall conduct its operations in a manner which will cause the least practical interference with OWNER's use of the leased lands.

Operator agrees to repair all fences, build gates and construct the access road and crossings in a manner which will allow OWNER to continue its use of the property in its current manner. Drainage areas or irrigation ditches will be re-constructed in a manner agreed to with OWNER. Upon completion of the well, the well pad shall be reduced in size to the minimum necessary to allow for normal production operations and the remainder of the well pad will be reclaimed. Reclamation shall consist of grading disturbed areas as closely as reasonably possible to pre-existing grade. Rig anchors may be left in place, if identified in a manner which will avoid damage to OWNER's equipment. Restoration shall conform to the Colorado Oil and Gas Conservation Commission (COGCC) rules and regulations. Operator shall maintain disturbed areas and facilities free of weeds.

Operator will comply with COGCC Rules concerning Noise Abatement and shall install hospital grade mufflers, buried in series, sound walls, and/or other devices as necessary.

The consideration due hereunder shall be payable prior to the commencement of drilling operations on the subject lands.

Operator hereby agrees to indemnify and hold OWNER harmless from and against any and all expenses, losses or damages resulting from or relating to Operator's operation and maintenance of the well, equipment, road and related activities on the property, provided however Operator does not indemnify OWNER for expenses, losses or damages resulting from OWNER's conduct on the Property.

OWNER hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by Rule 305.b of the COGCC rules and acknowledges that OWNER has received the brochure "Information for Oil and Gas Operators, Surface Owners and Surface Tenants" as per COGCC Rule 305.c(6),

Surface OWNER agrees that the terms of this Agreement accommodate Owner's use of the property pursuant to Colorado Revised Statute 34-60-127. This Agreement shall serve as evidence that the consultation requirement of COGCC Rules 305 and 306 have been fulfilled.

This Agreement shall be for as long as the above captioned well is operated by Operator, its successors and assigns, and for a period of one year after the abandonment of the well during which time Operator shall have the right to remove all facilities and other fixtures installed pursuant to this agreement. Upon abandonment of the well, Operator agrees to restore the surface of the lands to a closely as is reasonably possible to it's condition prior to Operator's operations, in accordance with COGCC Rules.

Operator's rights under this Agreement shall be in addition to, and shall not diminish, any and all rights under its Oil and Gas Leases covering all or any portion of the Subject Property. The terms of this written Agreement shall constitute the full agreement between the parties hereto and no modification or amendment of this Agreement and accompanying Side Letter Agreement shall be effective unless made in writing and signed by the parties.

Owner expressly acknowledges that this Agreement satisfies the obligations and requirements of Operator pursuant to Colorado Oil and Gas Conservation Commission rules and regulations to consult in good faith with Owner regarding proposed oil and gas operations on the Land. Owner expressly acknowledges that this Agreement shall be deemed to be specifically applicable to, and to satisfy fully, the obligation of Operator to accommodate the Owner's use of the surface of the Land, existing and future, and Owner waives any statutory or common law claims to the contrary including, but not limited to, any claims pursuant to Colorado Revised Statutes § 34-60-127.

IN WITNESS WHEREOF, this Release is voluntarily entered into and executed this 5th. day of January, 2014.

OWNER:  
Damon W. Ardourel Trust

OPERATOR:  
Elm Ridge Exploration Company, LLC

By: [Signature]  
Sharon Georgi-Ardourel, Trustee

By: [Signature]  
Michael J. Finney  
Agent for Elm Ridge Exploration Company, LLC

NOTARY PUBLIC

STATE OF )  
                  )ss  
COUNTY OF )

The foregoing instrument was acknowledged before me this 24<sup>th</sup> day of Jan, 2014, by Sharon Georgi-Ardourel

URSULA GALLUCCI  
NOTARY PUBLIC  
STATE OF COLORADO  
NOTARY ID 20074033970  
MY COMMISSION EXPIRES OCTOBER 26, 2017

UNOFFICIAL COPY  
Witness my hand and official seal.  
[Signature]  
Notary Public

NOTARY PUBLIC

STATE OF Colorado  
                  )ss  
COUNTY OF La Plata

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of January, 2014, by Michael J. Finney

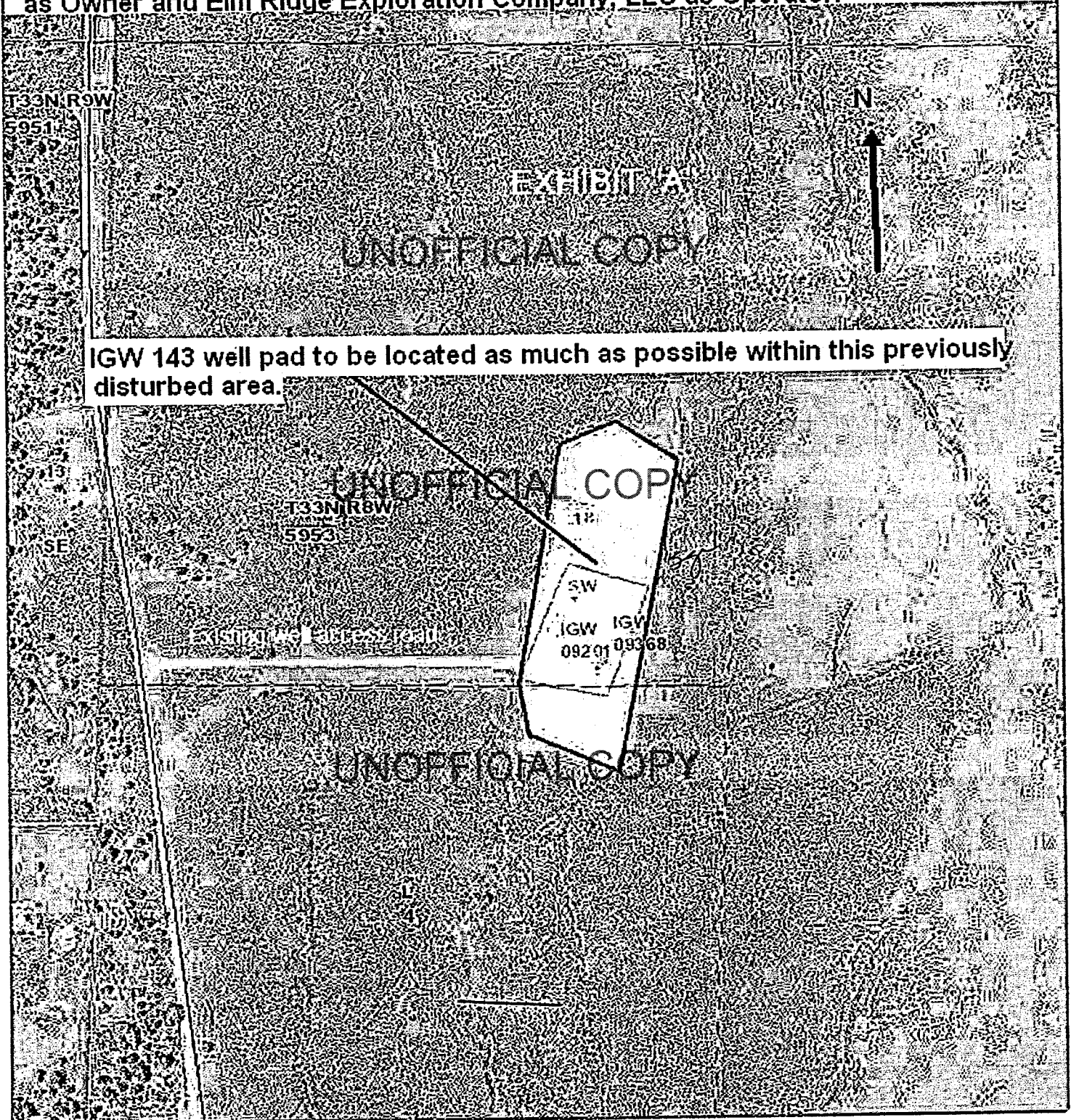
My Commission expires:  
11/14/14

Witness my hand and official seal.  
[Signature]  
Notary Public



La Plata County, CO

Attached to and made a part of that certain Surface Damage Agreement and Release dated January 5, 2014, by and between the Damon W. Ardourel Trust as Owner and Elm Ridge Exploration Company, LLC as Operator



IGW 143 well pad to be located as much as possible within this previously disturbed area.

Disclaimer: The information is provided as is without warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. In no event shall La Plata County be liable for any damages whatsoever including direct, indirect, incidental, consequential, loss of business profits or special damages.

Map Scale  
1 inch = 322 feet  
1/2/2014