



SURFACE USE AND COMPENSATION AGREEMENT

By this Surface Use and Compensation Agreement effective ~~27th~~ October, 2014 ("SUCA"), the undersigned, **Rosa Joint Venture**, whose address is 3626 County Road 330, Ignacio, Colorado 81137, ("Landowner"), whether one or more, confirms, clarifies or to the extent necessary, grants to **BURLINGTON RESOURCES OIL & GAS COMPANY LP**, an affiliate of ConocoPhillips Company, whose address is Attention: Manager, RPA, P. O. Box 7500, Bartlesville, Oklahoma 74004-7500, its successors and assigns ("Operator"), the rights and privileges to utilize lands owned by the Landowner in **Section 8, Township 32 North, Range 6 West**, San Juan County, State of New Mexico (the "Subject Property"), as may be reasonably necessary and convenient to perform the operations described below and in the exhibits attached hereto and herewith covering:

**Allison Unit Com 138H
located in Section 8, Township 32 North, Range 6 West, N.M.P.M.
San Juan County, New Mexico**

This SUCA complies with the New Mexico Surface Owners Protection Act, a copy of which is delivered herewith. By signing this SUCA, Landowner waives any notification or consultation requirements. Landowner represents that the undersigned is the owner of the surface estate of the Subject Property and is not aware of any equitable title to the Subject Property held by any other parties. Landowner agrees that this SUCA shall be deemed to fully satisfy any obligation to accommodate Landowner's use of surface of the Subject Property, present or future.

It is agreed that the Operator has and shall have the right to construct a well pad, install cathodic protection system(s), lay pipelines, install electric and communication lines, drill, re-enter for the purposes of adding additional laterals, complete, operate, maintain and abandon the above referenced well, and install equipment or facilities related to the operation of, or production of oil, gas and other hydrocarbons from, the referenced well located on the well pad (collectively, the "Planned Operations"), located on the Subject Property. The placement, specifications, maintenance and design of the Planned Operations are more fully described and disclosed in Exhibit "A" attached hereto and made a part hereof. Landowner shall not use the well pad property occupied by the Operator for any purpose that could potentially interfere with the Operator's Planned Operations. Operator shall have use of the full disturbed area, up to and including the construction zone, in the future if needed. Operator shall tender to Landowners consideration in the amount of [REDACTED] which shall be a one time, payment in full covering (i) the rights herein granted or confirmed and (ii) any of the following that may be applicable: loss of agricultural production and income, lost land value, lost use of and lost access to the land and lost value of improvements. Compensation for additional surface damages, if any, that may occur outside of the reasonable scope of operations contemplated by this SUCA shall be negotiated between Landowner and Operator, but shall not affect the term or validity of this SUCA.

The Operator, its contractors, agents, and assigns, has and shall have the non-exclusive right of ingress and egress to the location of the Planned Operations with said access route and any site-specific terms being more fully described by Exhibit "B" attached hereto and made a part hereof. Any newly constructed roadway surface shall not exceed twenty (20') feet in width from edge to edge. In addition, Landowner grants to the Operator the right, without any further compensation to Landowner, to clear and use up to four feet (4') on each side of such road surface for construction, maintenance, barrow ditches and other water diversions.

Upon completion (plugging and abandonment) of the Planned Operations, the Operator shall reclaim and restore disturbed areas as close to their original condition as reasonably practicable. A Bureau of Land Management recommended reseeding mixture shall be used for the temporary or interim onsite reclamation unless otherwise and reasonably specified by the Landowner; provided that, in the case of a well, the Operator shall only be required to reseed areas that are greater than ten feet outside of the established anchor pattern of the well and greater than ten feet outside of any equipment used by Operator in connection with the well.

To the extent circumstances are known at the time of signing this SUCA, and to the extent applicable to the Subject Property, the Operator agrees:

- To construct, maintain and place all pits and equipment generally as set forth in Exhibit "A";
- To utilize reasonable practices to control/manage noise, weeds, dust, litter, unnecessary interference with the Landowner's use of the surface, and possible trespass by Operator's contractors or third-parties;
- To prudently use/impound water on the surface of the land, if applicable;
- To perform any applicable interim and final reclamation;
- To limit and control, to the extent reasonably practical, precipitation runoff, erosion and surface water drainage changes;
- To remove and restore plant life where feasible and upon request of Landowner;
- To make reasonable attempts to minimize surface disturbance due to operations while complying with any applicable federal, state and local laws and regulations and providing for a safe operations area;
- To place gravel and or sandstone on roads and location as deemed necessary by Operator to minimize potential damage;
- To restore any existing roads to as close to the original condition as practically possible;
- When requested by Landowner, Operator shall install, at Operator's expense, a cattleguard and/or gate, at an intersection where fences cross any newly constructed roads. Furthermore, when requested by Landowner, Operator agrees to install locking devices, at Operator's expense, on gates that are being used in connection with its operations on the Subject Property;
- Operator shall promptly restore all fences which may have been damaged during Operator's operations on the Subject Property to as good as a condition as such fences were prior to such operations. When any fence upon the Subject property is required to be opened, such opening shall not be left unattended unless a good and sufficient gate or cattleguard capable of turning domestic livestock of ordinary disposition shall be installed. All openings in fences shall be made by using "H" braces six feet (6') in width, and constructed of pipe at least four inches (4") in diameter on both sides of such opening.
- Operator shall not permit its agents, employees, guests, contractors, subcontractors, or service company personnel to carry alcoholic beverages, firearms, archery equipment, wildlife calls, weapons, spotting, optical or night vision equipment (other than as required for oil and gas operation), or to bring dogs or other animals on the Subject Property.

The Operator further agrees to the following site-specific stipulations and provisions:

- **One-time application of gravel will be applied from the access gate to the Allison Unit #47B well location.**
- **Material for the road upgrade will come from Landowner's open pit located in Allison, Colorado.**
- **Irrigation pipe will be sleeved with culvert or steel pipe before construction begins on new location.**
- **2 Metal H Braces will be installed on existing access road leading to the Allison Unit 138H.**

The Operator does hereby covenant and agree to indemnify and hold Landowner free and harmless against and from any and all loss, damage, claims, demands and suits which the Landowner may suffer as a direct result of Operator's Planned Operations, expressly excluding from such indemnity/hold harmless obligation any claim or cause of action, or alleged or threatened claim or cause of action, damage, judgment, interest, penalty, or other loss arising or resulting from the negligence or willful acts or omissions of the Landowner, its agents, invitees, or licensees, or third parties. Neither party shall be liable to the other for special, indirect, or consequential damages,

resulting from or arising out of this Agreement including, without limitation, loss of profit or business interruptions, however same may be caused.

This SUCA is a clarifying and confirming document and shall not be construed as a waiver of any rights Operator has under any other agreement or instrument pertaining to the Subject Property. If it becomes necessary or desirable to utilize locations different from those agreed upon due to regulatory requirements or otherwise, the parties will negotiate a modification of this SUCA. In the event the parties are unable to agree to such modification, both parties reserve their respective rights under any existing and applicable leases, contracts, rules and regulations pertaining to the use of the surface of the Subject Property.

The terms, conditions and provisions of this SUCA shall extend to and be binding upon the heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto.

If the Landowner finds the terms and conditions contained herein acceptable and agreeable, please execute and date this SUCA in the space provided below.

Operator shall have the right to record, in the public records of the county in which the Subject Property is located, a Memorandum of Surface Use and Compensation Agreement.

This Agreement may be executed in any number of counterparts which together shall constitute the agreement of the parties hereto. This Agreement may be executed via facsimile or scanned PDF signatures which shall have the same force and effect as if they were original signatures.

The terms of this SUCA shall be effective as of the date it is fully executed, and shall continue for so long as Operator conducts the operations described hereunder; provided, however, that any obligation or liability of either party hereunder that arises or accrues during the term of this SUCA shall survive such termination.

Landowner hereby warrants and represents that Landowner shall not disclose or publish in any form or fashion the amounts or details of the SUCA reached between the parties herein, it being understood that such warranty and representation forms part of the consideration in this SUCA.

This SUCA may be assigned in whole or in part by Operator; provided, however, that it is understood and agreed between Landowner and Operator that all rights, interests, obligations and liabilities under this SUCA shall be specifically applicable to Operator's affiliate, ConocoPhillips Company ("ConocoPhillips") to the extent ConocoPhillips conducts any of the Planned Operations hereunder, without further documentation, consent or compensation to Landowner, precisely as if ConocoPhillips was an original signatory to this SUCA. Any assignee shall be bound by and subject to the terms and provisions of this SUCA.

THIS 27th DAY OF October, 2014

LANDOWNER

Ralph G. Phelps
Ralph G. Phelps

Rosa Joint Venture

Cecil C. Phelps
Cecil C. Phelps

Rosa Joint Venture

Jean Phelps
Jean Phelps

Rosa Joint Venture

Judy Phelps
Judy Phelps

Rosa Joint Venture

OPERATOR

BURLINGTON RESOURCES OIL AND GAS COMPANY LP

By: **BROG GP, LLC, its sole General Partner**

By: Elmo F. Seabolt
Elmo F. Seabolt, Attorney-in-Fact