

**EASEMENT, RIGHT-OF-WAY  
and  
SURFACE DAMAGES AGREEMENT**

This Easement, Right-of-Way and Surface Damages Agreement ("Agreement") is entered into as of November 22, 2013, by and between Clyde L. and Janice E. Hemberger ("Surface Owners"), whose address is 2490 N County Road 3, Loveland, CO 80538, and Kerr-McGee Oil & Gas Onshore LP, ("KMG"), with offices at 1099 18<sup>th</sup> St., Suite 1800, Denver, CO 80202, covering certain lands (the "Lands") situated in Larimer County, Colorado, described as follows:

Township 5 North, Range 68 West, of the 6<sup>th</sup> P.M.

Section 12: approximately 147.16 acres in the NW/4 excluding the following properties:

KELIM SUBSTATION (PARCEL 8512206801, OWNED BY THE CITY OF LOVELAND)

PAR NW 1/4 SEC12-5-68; COM N 1/4 COR OF SD SEC; TH N 88 26' 46" W 228.95 FT TPOB; TH S 1 13' 50" W 150 FT; TH N 88 26' 46" W 250 FT; TH N 1 13' 50" E 150 FT TO NRLY LN OF SD SEC; TH S 88 26' 46" E 250 FT TPOB (SPLIT FR 85122-05-701)

BEG AT E 1/4 COR 12-5-68, TH ALG E LN NE 1/4 N 0 5' 6" W 1310.94 FT, S 89 50' 30" W 1760.93 FT TPOB, S 89 50' 30" W 1184.38 FT, N 0 31' 41" E 1338.73 FT TO N LN OF NE 1/4 OF NW 1/4, TH ALG SD N LN S 89 8' 57" E 228.96 FT TO N 1/4 COR, TH ALG N LN OF NE 1/4 N 89 52' 5" E 942.11 FT, TH DEPART SD N LN S 0 2' 34" E 1334.17 FT TPOB, SAID TR BEING A POR LOT 1, P.R.P.A. FIRST MLD (SPLIT FROM 85120 00 001 & 85120 05 701)

LOT 2 PRPA FIRST MLD S 46-90, LOV

PAR NE 1/4 AND POR E 1/2 OF NW 1/4 OF 12-5-68; BEG E 1/4 COR OF SD SEC, TH ALG C/L OF SD SEC N 89 36' 03" W 1761.95 FT TPOB; TH N 89 36' 03" W 968.23 FT TO CEN 1/4 COR OF SD SEC; TH N 89 36' 03" W 228.96 FT; TH N 00 31' 41" E 1282.22 FT; TH N 89 50' 30" E 1184.68 FT; TH S 00 02' 34" E 1293.79 FT TPOB; A POR OF WHICH LIES WITHIN LOT 1, PRPA FIRST MLD, S-46-90

For and in consideration of the sum of ten dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees to the terms and provisions set forth as follows:

1. Compensation for Operations; Release of All Claims

KMG shall pay to Surface Owners the sum and perform the obligations set forth in and according to the terms of that certain Letter Agreement by and between Surface Owners and KMG of even date, as full consideration and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or growing crops thereon that may occur as a result of KMG drilling and completion operations on the Lands, and its continuing activities for the production and/or transportation of oil, gas, or other hydrocarbons or products associated with such operations and activities including, but not limited to, surface use, access, mud and reserve pits, wellhead equipment, separators, tank batteries, pipelines, gathering lines, flowlines, pipeline interconnections, and any and all other reasonable and customary uses of land related to said operations or activities.

2. Acknowledgement of Right of Way and Easement

Surface Owners acknowledge and understand that KMG, as owner or lessee of the oil and gas estate for the Lands, owns an easement and right-of-way that burdens the Lands, and that KMG has a continuing right and entitlement to construct, own, operate, maintain, repair and replace all flowlines, gathering lines, other pipelines and related equipment that may be necessary or convenient to its operations on the Lands, including but not limited to, constructing, using and maintaining access roads, locations for surface equipment and subsurface gathering lines, pipelines and pipeline interconnections for its operations and activities; provided, however, KMG agrees that it will not construct pipelines in a manner that interferes with existing improvements on the Lands at the time the pipelines are proposed to be constructed.

Surface Owners further grant KMG the right to drill oil and gas wells on the Lands that may be horizontal, vertical or directional that produce and drain oil and gas from lands other than the lands covered by the oil and gas lease(s) that include all or a portion of the Lands and to locate, construct, use, and maintain surface equipment, including but not limited to flowlines, compressors, wellheads, and all associated production equipment and facilities, related to transportation of oil and natural gas from lands other than lands covered by leases pooled with the Lands.

Surface Owners further agree that, Kerr-McGee Gathering LLC, an affiliate of KMG, or another third party gas gatherer designated by KMG, may exercise the easement rights described herein.

3. Waivers

Surface Owners hereby waive their rights to and covenant not to protest or object to the use of the surface of the Lands so long as such use is consistent with this Agreement. Furthermore, Surface Owners will provide KMG or its successors and assigns with any and all written support they may reasonably require to obtain permits from the Colorado Oil and Gas Conservation Commission or any local jurisdiction.

4. Binding Agreement

This Agreement shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the parties hereto.


The undersigned have executed this Agreement as of the day first above written.

**Surface Owners**

By:   
Clyde L. Hemberger

By:   
Janice E. Hemberger

**Kerr-McGee Oil & Gas Onshore LP**

By:   
David Bell  
Agent & Attorney-in-Fact

LL

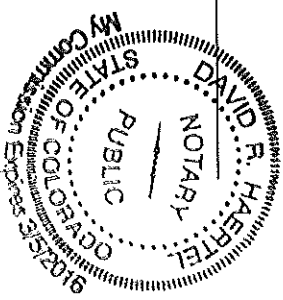
STATE OF Colorado )  
COUNTY OF Laurel )ss

The foregoing instrument was acknowledged before me this 22 day of November, 2013, by Clyde L. Hemberger, Surface Owner of the Property.

Witness my hand and official seal.

David F. Haertel  
Notary Public

My commission expires 3.5.16



\*\*\*\*\*

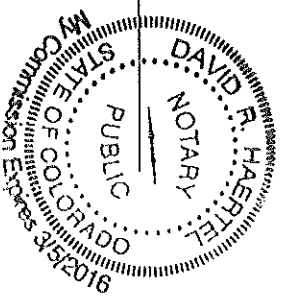
STATE OF Colorado )  
COUNTY OF Laurel )ss

The foregoing instrument was acknowledged before me this 22 day of November, 2013, by Janice E. Hemberger, Surface Owner of the Property.

Witness my hand and official seal.

David F. Haertel  
Notary Public

My commission expires 3.5.16



\*\*\*\*\*

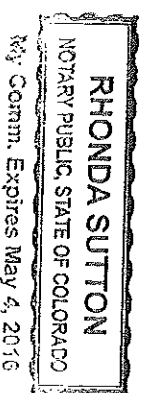
STATE OF Colorado )  
COUNTY OF Adams )ss

The foregoing instrument was acknowledged before me this 22 day of November, 2013, by David Bell, Agent & Attorney-in-Fact of Kerr-McGee Oil & Gas Onshore LP, on behalf of said company.

Witness my hand and official seal.

Rhonda Sutton  
Notary Public

My commission expires May 4, 2016



## LETTER AGREEMENT

This Letter Agreement is entered into as of November 22, 2013, by and between Clyde L. and Janice E. Hemberger ("Surface Owners"), whose address is 2490 N County Road 3, Loveland, CO 80538, and Kerr-McGee Oil & Gas Onshore LP, ("KMG"), with offices at 1099 18<sup>th</sup> St., Suite 1800, Denver, Colorado 80202, in conjunction with that certain Easement, Right of Way and Surface Damages Agreement of even date, by and between Surface Owners and KMG covering certain lands (the "Lands") situated in Larimer County, Colorado, described as follows:

Township 5 North, Range 68 West, of the 6<sup>th</sup> P.M.

Section 12: approximately 147.16 acres in the NW/4 excluding the following properties;

KELIM SUBSTATION (PARCEL 8512206801, OWNED BY THE CITY OF LOVELAND)

PAR NW 1/4 SEC12-5-68, COM N 1/4 COR OF SD SEC; TH N 88 26' 46" W 228.95 FT TPOB; TH S 1 13' 50" W 150 FT; TH N 88 26' 46" W 250 FT; TH N 1 13' 50" E 150 FT TO NRLY LN OF SD SEC; TH S 88 26' 46" E 250 FT TPOB (SPLIT FR 85122-05-701)

BEG AT E 1/4 COR 12-5-68, TH ALG E LN NE 1/4 N 0 5' 6" W 1310.94 FT, S 89 50' 30" W 1760.93 FT TPOB, S 89 50' 30" W 1184.38 FT, N 0 31' 41" E 1338.73 FT TO N LN OF NE 1/4 OF NW 1/4, TH ALG SD N LN S 89 8' 57" E 228.96 FT TO N 1/4 COR, TH ALG N LN OF NE 1/4 N 89 52' 5" E 942.11 FT, TH DEPART SD N LN S 0 2' 34" E 1334.17 FT TPOB, SAID TR BEING A POR LOT 1, P.R.P.A. FIRST MLD (SPLIT FROM 85120 00 001 & 85120 05 701)

LOT 2 PRPA FIRST MLD S 46-90, LOV

PAR NE 1/4 AND POR E 1/2 OF NW 1/4 OF 12-5-68; BEG E 1/4 COR OF SD SEC, TH ALG C/L OF SD SEC N 89 36' 03" W 1761.95 FT TPOB; TH N 89 36' 03" W 968.23 FT TO CEN 1/4 COR OF SD SEC; TH N 89 36' 03" W 228.96 FT; TH N 00 31' 41" E 1282.22 FT; TH N 89 50' 30" E 1184.68 FT; TH S 00 02' 34" E 1293.79 FT TPOB; A POR OF WHICH LIES WITHIN LOT 1, PRPA FIRST MLD, S-46-90

### 1. Compensation for Operations: Release of All Claims

KMG shall pay to Surface Owners an amount based on the number of wells to be drilled on the Lands at the rate of Ten Thousand dollars (\$10,000.00) per horizontal well and Two Thousand Five Hundred dollars (\$2,500.00) per vertical or directional well, whether such well(s) are to be drilled now or in the future. KMG shall remit such payment to Surface Owners on or before KMG commences surface disturbing operations on the Lands in drilling the well(s), which shall be a one time payment as full and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or crops growing thereon that may occur as a result of KMG drilling and completion operations on the Lands, and continuing activities for the production and/or transportation of oil or gas from the well(s) on the Lands, including, without limitation, ingress to, egress from, and construction, use, maintenance, repair, replacement, and monitoring of the well(s), the well location(s) and equipment, mud and reserve pits, separators, tank batteries, pipelines, gathering lines, flowlines and any and all other reasonable and customary uses of the Lands related to the operations and activities for the well(s). Such payment shall not apply as settlement or satisfaction of damages caused by KMG's negligent or willful misconduct or violation of health, safety or environmental laws on the Lands.

### 2. Non-Disclosure Statement

Surface Owners hereby agrees to the terms and provisions of this Letter Agreement and agrees not to disclose any of the terms contained herein to any third party. This provision excludes disclosure of terms necessary to legal counsel representing Surface Owners. Surface Owners understand that this Letter Agreement shall not be recorded.

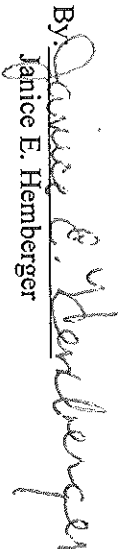
3. Binding Agreement

This Letter Agreement shall be binding upon the respective heirs, executors, administrators, successors, and assigns of the parties hereto.

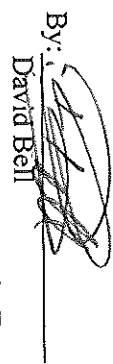
The parties hereto have executed this Letter Agreement as of the day first above written.

**Surface Owners**

By:   
Clyde L. Hemberger

By:   
Janice E. Hemberger

**Kerr-McGee Oil & Gas Onshore LP**

By:   
David Bell  
Agent & Attorney-in-Fact