

SURFACE USE AGREEMENT SEIBEL B2 WELL

This Surface Use Agreement ("Agreement") is effective the 30th day of January, 2015 ("Effective Date"), between **Kenneth W. Seibel and Jane M. Seibel** ("**Landowner**") whether one or more), with a mailing address of 256 Milton Lane, Ignacio, CO 81137 and **BP America Production Company**, a Delaware corporation, ("**BP**") with an office at 380 Airport Road, Durango, CO 81303.

Landowner owns the surface estate in a tract of land in Archuleta County, Colorado, more particularly described as ("**Property**"):

Township 32 North, Range 5 West, N.M.P.M.

That certain tract or parcel of land lying and being situated in the SE/4NE/4 of Section 17 and being more particularly described by that certain Bargain and Sale Deed dated August 22, 2013 between Willard H. Seibel Family Trust, under Trust Agreement dated May 24, 1991 and the Betty Seibel Revocable Trust, dated May 24, 1991, Grantors, and Kenneth W. Seibel and Jane M. Seibel as Grantees, with reception no. 21305763 in the office of the Clerk and Recorder, Archuleta County, Colorado, as more fully shown on the plat attached hereto as Exhibit "A", and

BP is the owner of certain rights in one or more oil and gas leases underlying the Property and is the operator of the **Seibel B** ("**Unit**"). The Property is located wholly or partially within the Unit boundaries and BP has plans to drill a Unit well, the **Seibel B2** ("**Well**"), from a surface location on the Property and within the Unit.

Landowner and BP have engaged in a discussion of BP's plan for the drilling and operation of the Well on the Property, and the Parties now desire to enter into this Agreement principally in order to clarify BP's plan.

In consideration of the promise by BP to pay a certain sum of money to Landowner (the amount of which is set forth in a side letter agreement) to be paid at the time of execution of this Agreement and in consideration of the covenants contained in this Agreement, the Parties agree as follows:

A. Landowner Matters:

1. Monetary Payment. Landowner agree that the recited payment constitutes (i) full payment for all current and future surface damages that may occur to the Property as a result of BP's construction and use of the wellpad in compliance with the terms of this Surface Use Agreement and (ii) consideration for any rights granted herein by Landowner.
2. Landowner Use of Drillsite. BP will have non-exclusive use of the Drillsite, as defined below, at all times. Landowner shall not use the Drillsite for storage. Landowner may enter the interim reclaimed area for agricultural endeavors in the future with the understanding that BP may need this area for operational needs, and so long as such endeavors do not materially interfere with BP's use of the Drillsite.
3. Permission to Raise, Move and Install Utility Lines. Landowner hereby grants permission for La Plata Electric Association ("LPEA") to install underground electric utility lines on the Property if and when requested by BP in connection with the Well, from the nearest available source. Landowner agrees to execute utility easements provided by LPEA as may be requested in order to comply with this provision.
4. Setback of Future Buildings from BP Well Facilities. Landowner agrees to comply with all applicable local, state and federal laws, rules and regulations pertaining to distance setbacks between the Well and Well facilities, and any future homes, habitable buildings (including portable buildings) and other habitable structures located on the Property. Regardless of such setback distance requirements, Landowner agrees that all such future habitable structures will be located a minimum distance of at least 150 feet away from the Well and any of the associated wellhead equipment, flow lines and pipeline tie-ins and facilities, (non-habitable structures, including irrigation works and equipment are expressly excluded from such minimum distance limitations).

5. Waiver of Notice and Consultation. Landowner waives the right to receive any notices set forth in COGCC Rule 305, and Landowner further waives the right to the Drilling Consultation set forth in COGCC Rule 306.a. Landowner acknowledges the receipt from BP of the information brochure for surface owners described in the COGCC Rules. Landowner acknowledges and agrees that BP has complied with all notice and consultation requirements of COGCC Rules 305 and 306 related to this well drilling proposal. Landowner also waives the right to receive notices under any applicable County or other local code, in connection with the well drilling proposal addressed in this Agreement.
6. Landowner Use of Property. BP agrees to fully comply with CRS §34-60-127 together with all other applicable laws, rules and regulations.

B. BP Matters:

1. Drillsite. BP estimates that the surface area that will actually be disturbed for the drill site of the Well ("Drillsite") will be approximately 1.15 acres. The Drillsite, access road and pipelines will be located as shown on attached Exhibit A.
2. Excess Material. BP may store material (e.g., soil and gravel) excavated from the Property on the Drillsite to be used for construction and reclamation of the Drillsite. BP also may import weed free soil in addition to material from off of the Property for construction and reclamation of the Drillsite. After constructing the Drillsite, should BP determine that there is material in excess of what is required for reclamation and which can reasonably be stored on the Drillsite, then BP, with the prior written consent of the Landowner may deliver said excess material to a location on the Property that is mutually acceptable to BP and Landowner. Any such excess material so delivered shall become the sole responsibility of Landowner, and BP shall have no further responsibility for said excess material. Should a mutually acceptable location on the Property not be found, then BP may remove such excess material from the Property.
3. Firewood. Should BP cut down or trim any trees on the Property during its operations and should Landowner so desire, BP will cut wood greater than 4 inches in diameter into firewood ranging from 12 to 18 inches in length and place such firewood in a pile (not stacked) just off of the Drillsite, road or pipeline route, as BP deems appropriate for Landowner's use. In BP's sole discretion, it may purchase firewood to satisfy the foregoing firewood obligation. All wood less than 4 inches in diameter will be chipped and spread on the Drillsite, access road, reclamation areas or pipeline route, as BP deems appropriate. Firewood will not in any case be split for the Landowner. Any such wood not requested to be cut into firewood by Landowner will be buried or chipped and spread on the Drillsite, access road, reclamation areas or pipeline route, as BP deems appropriate.
4. Survey Plats. BP will provide to Landowner and record an as built survey plat depicting the Drillsite together with any access roads, pipelines, equipment and facilities located on the Property.
5. Recording of Agreement. BP shall record this Agreement in the records of Archuleta County, Colorado. BP may also, in its sole discretion and without the joinder of Landowner, execute and record from time to time written declarations with accompanying survey plats, and any amendments to same, for the purpose of locating and describing the Drillsite, access roads, pipelines and other Well facilities, and shall provide the Landowner a copy of each such recorded document.
6. Maintenance and Repair of Access Roads. BP shall construct and utilize the new access road to the Seibel B2 Wellpad in accordance with the terms and conditions of the Right of Way Agreement entered into by the Parties. BP will reasonably maintain in good and passable condition any existing roads that are used by BP on the Property in their pre-existing condition or better, in BP's sole discretion. BP will maintain any new roads that may be constructed by BP on the Property to BP's standards, but not less than the standard set out in the prior sentence. BP

will make all necessary repairs to the roads damaged by BP's use and operations. However, BP will not be required to snow plow or otherwise clear any road of snow.

7. Burial of Pipelines. The Parties agree that the existing pipeline will be used to move gas and produced water from the Seibel B2 well, and the existing pipeline will be correctly depicted on the as built plat. BP will, to the extent reasonably practicable, bury all water and gas pipelines to a minimum top of pipeline depth of 48 inches below the surface at the time of installation, unless subsurface conditions such as rock prohibit the installation of the line to that depth at a reasonable cost. In all events the top of any such pipeline shall be buried 36 inches or more below surface.

8. Reclamation.

a. Initial Construction. After the drilling and completion of the Well, and the construction of any associated facilities such as the well pad, access roads and pipelines, those areas of land that BP will not use for continuing production operations will be reclaimed as required in applicable rules and regulations. Reclamation will be performed within a reasonable amount of time after completion and first delivery of the Well and construction of any associated facilities, recognizing practical limitations of weather and season.

b. Subsequent Surface Disturbance. All subsequent disturbances by BP to areas reclaimed under the preceding paragraph will be similarly reclaimed by BP within a reasonable amount of time, recognizing practical limitations of weather and season.

c. Final Abandonment. Any areas disturbed by BP, and which are required to be reclaimed, will be reclaimed by BP in accordance with applicable rules and regulations, and with the reclamation provisions set out above and with the interim reclamation provisions in the Side Letter Agreement, unless Landowner desires that some portion of the roads and Drillsite remain in their then present condition and regulatory approval for same is obtained.

9. Indemnification. BP agrees to indemnify, defend and hold Landowner, together with Landowner's family, employees, contractor's, guest and invitees, harmless from and against any and all expenses, losses or damages, injuries or claims resulting from or relating to BP's operation and maintenance of the Well, facilities, access roads and pipelines; provided, however, BP will not indemnify, defend and hold Landowner harmless from such expenses, losses or damages to the extent they result from the negligence or willful misconduct of Landowner or Landowner's employees, contractors, guests or invitees.

10. Temporary Parking. Landowner agrees that during times of construction or other significant work, BP may park vehicles in areas near the work site (acceptable to Landowner) along roads adjacent to the Drillsite, as long as such roads remain safe and passable

C. **General Provisions:**

1. Term. This Agreement is effective as of the Effective Date and will continue until (i) all oil and gas leases underlying the Unit expire, and (ii) production from the Well and any additional wells producing from the Unit have permanently ceased and are permanently plugged and abandoned. After expiration, BP will have a 180 days within which to remove such Well equipment and facilities from the Property and reclaim the property in accordance with this Agreement and as required by applicable rules and regulations.

2. No Waiver of Other Rights. With the exception of those duties and obligations that each Party has specifically agreed to assume and perform in this Agreement, those duties and obligations which have been confirmed or clarified in this Agreement and the rights specifically granted to, waived or relinquished by a Party in this

Agreement, this Agreement will not be construed to waive or relinquish any Party's legal rights in, to or under the Property, including but not limited to rights of access or other reasonable surface use, now owned or hereafter acquired by a Party under any oil and gas lease, surface use agreement, right-of-way agreement, or other agreement or instrument pertaining to the Property. Nor does this Agreement, subject to the foregoing exceptions, waive the rights of either Party under any applicable laws, rules or regulations pertaining to the Property.

3. No Application to Other Wells. The rights, duties and obligations of the Parties and other confirmatory or clarifying matters regarding the Well and its related facilities in this Agreement pertain only to the Well, except that roads, pipelines and facilities may be utilized for other wells. This Agreement is not intended to, and will not be interpreted to, apply to any other well that may now be located or hereafter be drilled within the Unit, whether or not located on the Property. Each Party retains all of his/her/its legal rights with respect to such other well or wells, including, but not limited to, those legal rights referenced in the preceding paragraph.
4. Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the Parties and their respective heirs, successors and assigns. In addition, BP and any successor Well Operator may assign this Agreement to successive Operators of the Well. All rights herein granted may be assigned in whole or in part, upon receiving written consent from the other Party (s) , and consent shall not be unreasonably withheld. Assignment of this Agreement by either Party will act to terminate the assigning Party's duties, obligations and liabilities under this Agreement from and after the date that the non-assigning Party receives a true copy of the assignment, with the exception of any indemnity or monetary obligations accruing prior to such date
5. Applicable Law. This Agreement will be interpreted under the laws of the state of Colorado.
6. Entire Agreement. This Agreement, together with the side letter executed on even date herewith, contains the final agreement, clarifications and confirmations of the Parties as to the matters addressed, and supersedes any and all prior oral or written negotiations, understandings and agreements regarding the Well and its related facilities, roads and pipelines. Except with respect to matters described below, this Agreement may not be modified unless the modification is in writing and is signed by Landowner and an authorized representative of BP.
7. Further Assurance. The Parties agree, at any time and from time to time, upon the reasonable request of either Party and without additional payment, to take or do all such further acts and things, and furnish and deliver all such further documentation and material (including any document or instrument requested by local, state or federal authorities) which may be necessary or useful in carrying out the purposes of this Agreement.
8. Regulatory Conditions. If BP is required by any regulatory agency as a condition of approval to either change the location of the well to be drilled or the configuration of the Drillsite, and if said changes necessitate BP moving the wellpad in any direction or enlarging the wellpad less than or equal to 10 feet per the wellpad location and configuration submitted with the drilling application, Landowner agrees that BP may unilaterally amend this Agreement to conform to the new location as approved by the regulatory agency.
9. Counterparts. This Agreement may be executed in two or more original counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Electronically scanned or facsimile copies are acceptable.
10. Side Letter Agreement. This Agreement is subject to the terms of a Side Letter Agreement ("SLA") dated January 30, 2015, by and between Landowner and BP the terms of which are fully incorporated herewith.

This Agreement is executed by the Parties on the dates appearing in the acknowledgements below, but this Agreement is effective as of the Effective Date.

Landowner (s)

By: Kenneth W. Seibel

Kenneth W. Seibel

BP America Production Company

By: Melanie B. Bell

Melanie B. Bell, Attorney-in-Fact

By: Jane M. Seibel

Jane M. Seibel

STATE OF COLORADO)
) ss
COUNTY OF LA PLATA)

SUBSCRIBED AND SWORN TO before me this 30th day of January, 2015
by Kenneth W. Seibel.

My commission expires: 10/31/2018

Gina Drenner
Notary Public

STATE OF COLORADO)
) ss
COUNTY OF LA PLATA)

SUBSCRIBED AND SWORN TO before me this 30th day of January, 2015
by Jane M. Seibel.

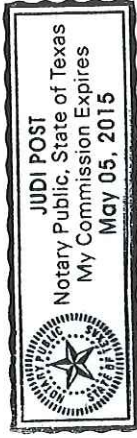
My commission expires: 10/31/2018

Gina Drenner
Notary Public

STATE OF TEXAS)
) ss
COUNTY OF HARRIS)

SUBSCRIBED AND SWORN TO before me this 5th day of February, 2015,
by Melanie B. Bell, Attorney-in-Fact for BP America Production Company, a Delaware
corporation.

My commission expires: 5-5-15



Judi Post
Notary Public

