

8/1 Andy Boden. Sent letter  
but has not heard back yet.  
Per Boden, ~~so~~ Grouse has  
loc, road etc, only keep  
it more & more private.  
Boden will visit one in  
Grouse and will call me.

Steve,  
we have not received  
APDs for Trump walls.

~~Donna~~ Donna

8/12 msg from Boden. no reply from Grouse. would like to  
meet with onsite,

8/14 Gilbert Grouse (719) 846-1762  
yesterday sent final offer to Pioneer. Told him I'd call  
Boden ~~in~~ inform him of letter offer and then would  
set up onsite if necessary.

8/14 Andy Boden (323) 675-2717  
out of office 8/13-8/14. left msg re: letter in  
my inbox when back in the office,

8/18 - Boden - no letter yet. Set up onsite for 8/27 @ 1:00 pm  
on site. I will call Grouse and ask him to

8/18 Gilbert Grouse (719) 846-1762 09:55 no answer

8/18 Boden - discussed recent final offer from Grouse  
& requested clarification of some of the points in  
the email/letter

8/18 Grouse @ 16:10 no answer.

8/21 Grouse ~~he~~ he said if they don't like his offer, they can pull up their  
stakes and leave. I explained right of mineral owners to reasonably  
use of surface. He said his lawyer told him that that law had  
been thrown out a few years ago and that operators could just  
come on and ~~take~~ take private land.

3/25/01 sus replace. will send copy

**Colorado Oil and Gas Conservation Commission (COGCC)**  
**Onsite Inspection Request Form**  
 (Effective for APDs submitted after February 15, 2005)

As the surface owner(s) where a proposed well is being drilled, I/we am/are requesting that the COGCC conduct an onsite inspection. I/we did not execute a surface use or other relevant agreement regarding the use of the surface for the proposed well. I/we understand that good faith consultation with the operator as required under COGCC Rule 306, is required to have occurred prior to making this request to the COGCC to conduct an onsite inspection, and that this onsite inspection request must be received by the COGCC within ten (10) business days of the first day of the Rule 306. consultation.

**Surface Owner Contact Information:**

Name: GILBERT A. GROVES  
 Address: 20106 Co. Rd. 38-4  
 Telephone No. 8719-846-1767 Cell 5a.m. - 8p.m.

**Well Operator and Location Information:**

Operator: Pioneer  
 Well Name: Elmiera 12-33 T1R  
 Location: 7325 126th St N 33 T1R 33 Arrowhead Ranches  
 Quarter/Quarter Section-Township-Range

County: Larimer

First date Rule 306. consultation occurred: \_\_\_\_\_  
 Date

Proposed two (2) dates for the COGCC onsite consultation (must be within thirty (30) days of the request)

1<sup>st</sup> date \_\_\_\_\_ 2<sup>nd</sup> date \_\_\_\_\_

I/we would prefer to have a representative of the appropriate Local Government (COGCC Local Governmental Designee) invited to attend the onsite inspection? \_\_\_\_\_ yes ☒ no

Briefly describe the unresolved issues related to the proposed well: (The onsite inspection shall not address matters of surface owner compensation, property value, future use of the property or any private party contractual issues between the operator and the surface owner.)

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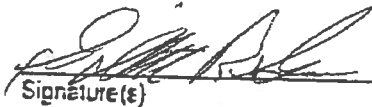
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 Signature(s)

9-2-07  
 Date

Please fax or first class mail this request for an onsite inspection to:  
 Colorado Oil and Gas Conservation Commission  
 Attn: Permit Supervisor  
 1120 Lincoln Street, Suite 801 Denver, CO 80203  
 FAX (303) 894-2109

operator 100 84  
 lat 37.27071  
 lon -104.792121

Date: 9-2-70

# **PIONEER**

Pioneer Natural Resources, 1401 17th Street, Suite 1200, Denver Colorado 80202  
Phone: (303) 298-8100 Fax: (303) 298-7800

- ☒ Surface Owner requires consultation as to location of the proposed drillsite and associated production facilities as well as pipelines and road right-of-ways.
- ☐ Surface Owner waives all Surface Owner requirements set forth in Rule 305 Notice and Rule 306 Consultation of the amended COGCC Rules and Regulations.

  
Surface Owner:  
Gilbert R. Groves

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ATTN. Permit Supervisor

Any questions Call me at

1-719-846-1767.

Thank you

Gilbert Brown

9/15/07 Gilbert Grouse. → informed of receipt of OIR.  
Discussed limited action until APR in.

9/15/07 Jim Tarnowski → informed him of OIR.

10/3/07 Jim Tarnowski

7/11/08 → updated permitting  
folks on status of sub  
+ negotiations.

12/24/07 Gilbert Grouse  
Inform him APR in.

12/27/07 Julia Parsons → Pioneer  
do not have contact address for Gilbert Grouse.

She will call him and get address. They sent  
sub, but it was returned due to address.

Landman's Andy Bowden (303) 675-2717 ~~2717~~

1/28/08 Julia Parsons (303) 675-2628 - can Andy

Andy Bowden (303) 675-~~675~~-2717  
→ he will get back to me today re: sub

2/28/08 Andy Bowden (303) 675-2717

He met w/ Gilbert & son on 1/24. Met w/ son and  
Sarah? Grouse on 2/12. ~~He~~ He was given list  
of items for sub and bill is in his court as he is  
working on sub.

4/21/08 Andy Bowden - Inform him of timing 12:30 and  
left msg for him to call

5/7/08 Bowden left msg to call,  
left msg to ~~call~~ Bowden

7/2/08 msg from ~~Bowden~~ Bowden. Sub close

7/16/08 - left msg that received msg to

7/16 - Bowden. Had another meeting w/ Grouse. Draft sub  
in Grouse possession. Expect signed sub soon.  
He will notify me once sub is for file.

7/11 not sure how sub will work out. 3 meetings w/ Grouse

thought down to 1/10/08, ~~and~~ and changed it. Grouse bringing  
few issues. Bowden will call Grouse until next week. ~~But~~ But

7/11/08 → per Bowden,  
Grouse said he'll sign  
sub. He will keep  
me updated.

→

SURFACE DAMAGE RELEASE

STATE OF COLORADO           §  
  §  
COUNTY OF LAS ANIMAS    §

KNOW ALL MEN BY THESE PRESENTS:

THAT Gilbert R. Groves (Surface Owner), as indicated by the Tax Assessor's office in Las Animas County, Colorado, in consideration of the payment by PIONEER NATURAL RESOURCES, USA, Inc. (Operator) to the undersigned of the sum of Five Thousand and 00/100 Dollars (\$5000.00) in hand paid, the receipt and sufficiency of which is hereby acknowledged, hereby grants unto Operator, its agents, employees, contractors, invitees, licensees, representatives and assigns, the right to enter upon and use a portion of the surface estate as hereinafter described, together with an access route thereto for the unrestricted transportation of vehicles, materials, equipment, personnel and products to and from the drill site location. Further permission is granted to the Operator to dispose produced water from the well in order to control dust on lease roads.

Surface Owner further releases and discharges Operator, its agents, employees, contractors, invitees, licensees, representatives and assigns, from any claim for injuries, losses or damages to the surface and to pasture, grazing or irrigated lands which may be sustained in connection with moving in and out of the drillsite location and in connection with operations conducted on the drillsite location for the drilling and completion of the following well(s):

Elmira 12-33 Tr and Elmira 12-33 Wells  
See Exhibit "A" and Exhibit "B", attached hereto.  
T32S, R66W Section 33: SW/4NW/4  
Las Animas County, Colorado

In the event others should claim an interest in the damage payments described above, we agree to be responsible to them for their proportionate share of the damage payments, if any.

The rights, duties and privileges hereunder shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, successors and assigns. All financial terms of this agreement are to be kept confidential by both parties.

IN WITNESS WHEREOF, this instrument is executed this 15<sup>th</sup> day of September, 2008.

WITNESS:

  
Gilbert R. Groves

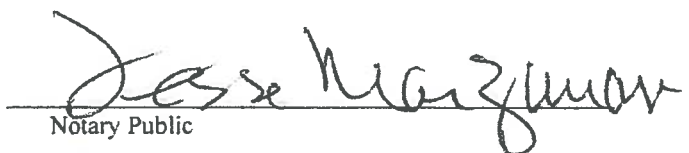


STATE OF Colorado           §  
  §  
COUNTY OF Las Animas   §

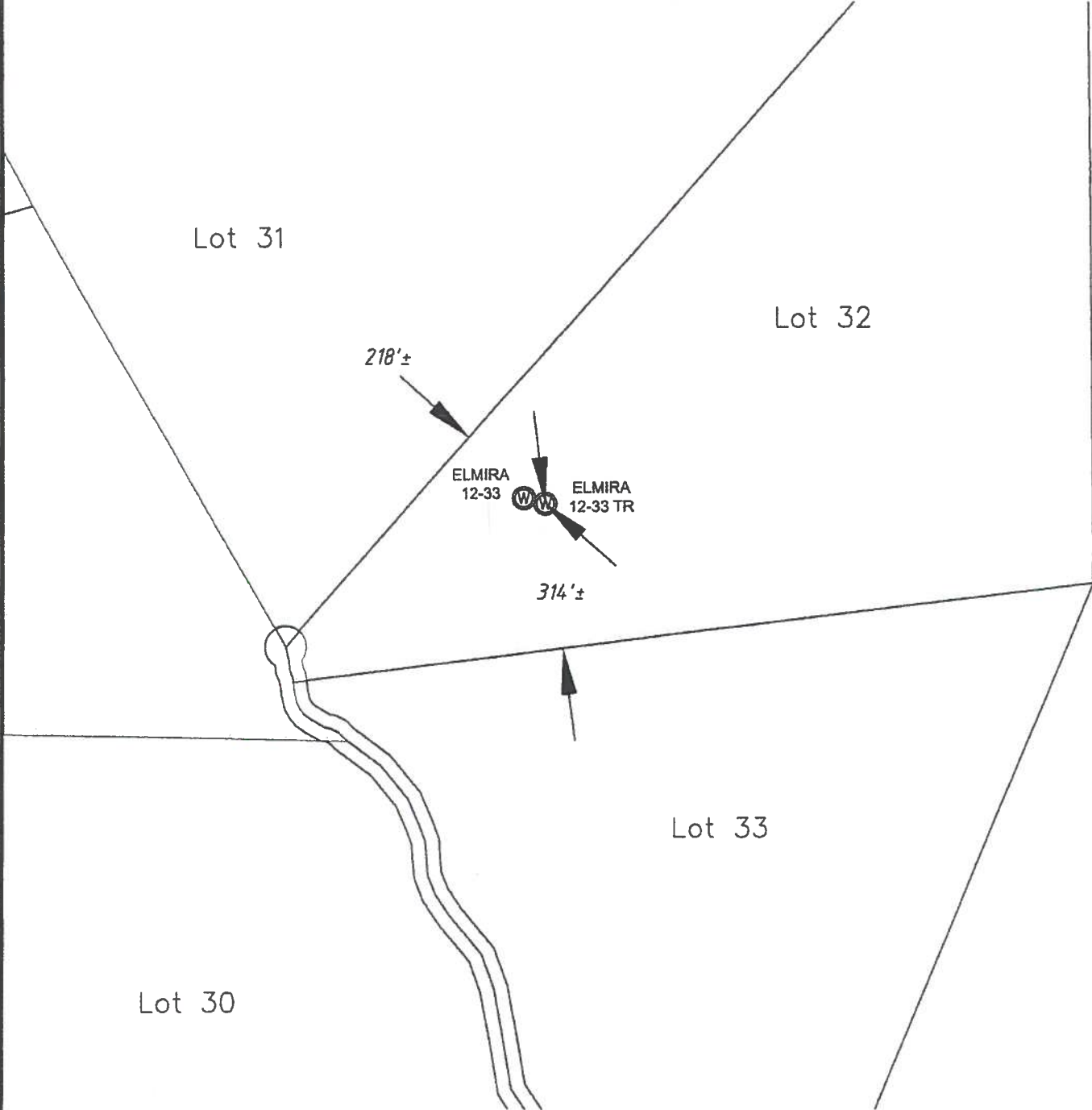
The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of September, 2008, by Gilbert R. Groves.

Witness my hand and official seal the day and year last written above.

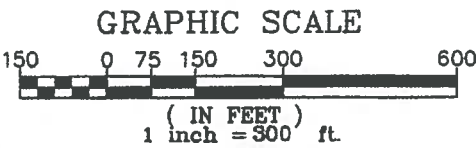
My commission expires: February 20, 2011

  
Notary Public

Elmira 12-33 Tr (Relocate)



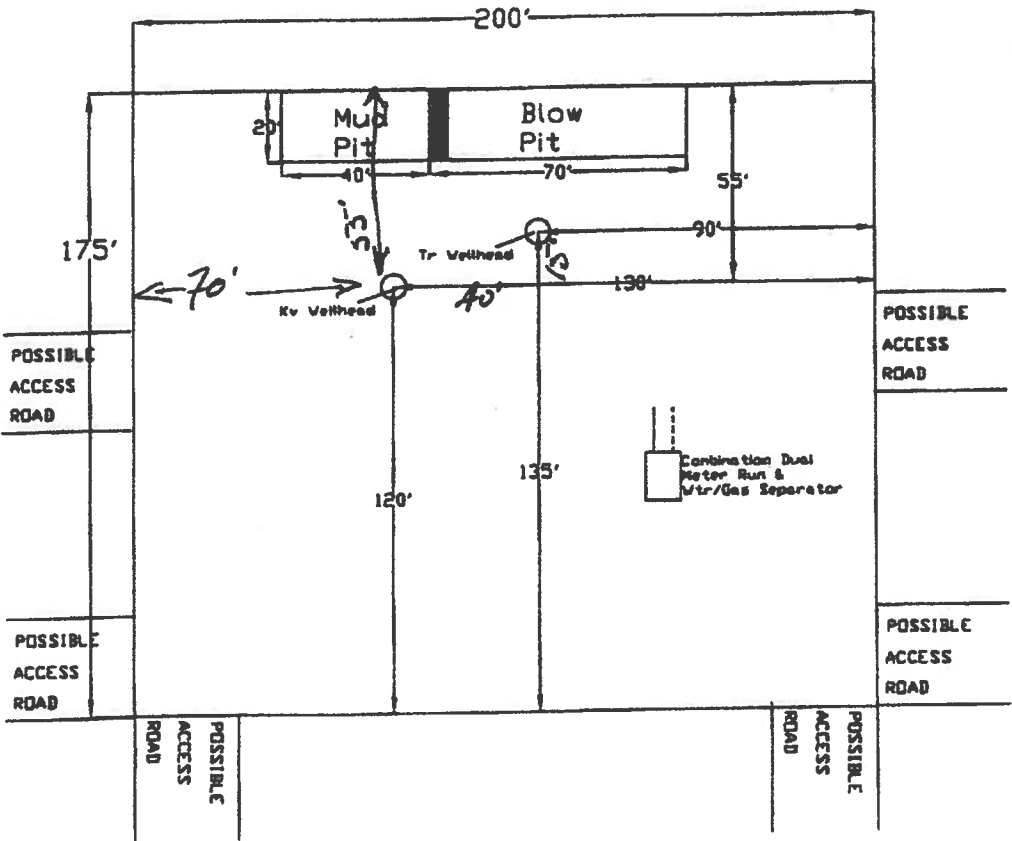
**NOTE:**  
FOOTAGES GIVEN ARE ONLY ESTIMATES BASED ON  
SUBDIVISION PLATS AND TIED TO EXISTING CONTROL.  
A FULL BOUNDARY SURVEY IS REQUIRED TO  
DETERMINE TRUE SUBDIVISION LOT AND ROAD  
LOCATIONS, DISTANCES AND AREA OR FOOTAGE  
CALCULATIONS.



**SHIELDS SURVEY L<sup>td.</sup> Co.**  
Raton, New Mexico 87740  
(505)445-1232

PIONEER NATURAL RESOURCES USA, INC.  
LOCATION B - KV AND TR  
WELLSITE/PRODUCTION EQUIPMENT LAYOUT  
WELLNAME #01-01  
NWSW Section 01, T32S-R67W  
Las Animas County, Colorado

Note: Mud &  
Blow Pits will  
be converted  
to unlined  
evaporation  
pits for  
production



Note:  
Approx. Scale 1"=50'  
Water Line \_\_\_\_\_  
Gas Line -----

01/24/08

COLORADO WELL LOCATION

OPERATOR: Pioneer Natural Resources

WELL NAME: Elmira 12-33

SECTION 33 TOWNSHIP 32 S, RANGE 66 W OF THE 6TH P.M., IN LAS ANIMAS COUNTY

ACTUAL FOOTAGE OF WELL LOCATION

88 feet from the WEST line and 2451 feet from the NORTH line.

GROUND ELEV. (NGVD29):

7534'

BASIS OF BEARING: GPS Observations

BASIS OF ELEVATION: GPS Observations

PDOP: 1.7

SURFACE USE: Timber

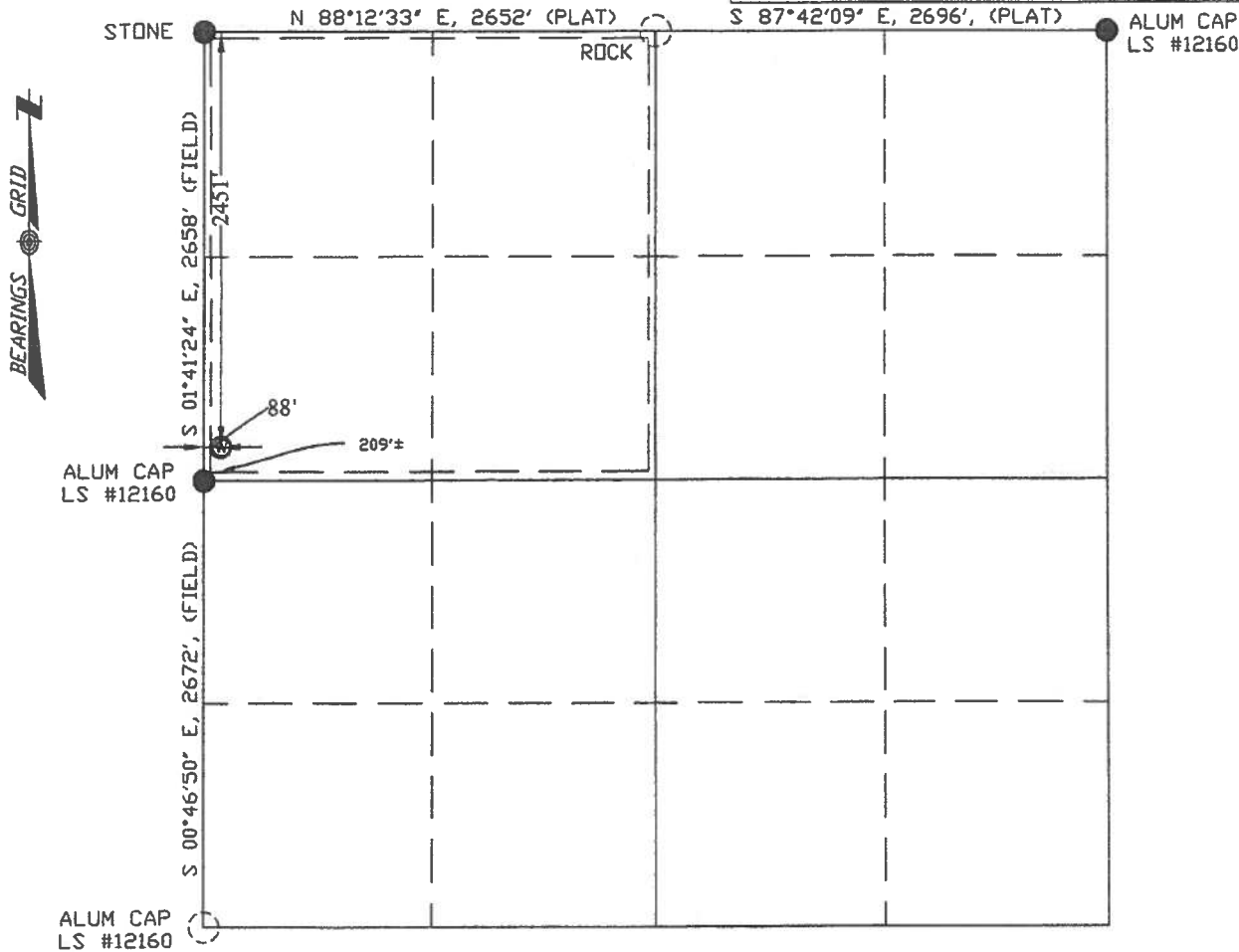
DATE STAKED: September 13, 2007

LAT: N 37.21544°

LONG: W 104.79273° (NAD27)

LAT: N 37.21546°

LONG: W 104.79328° (NAD83)



250 0 250 500 1000  
(in feet)  
1 inch = 1000 ft.

LEGEND:

- ⊙ = WELL LOCATION
- = SURVEY MARKER (SEE DRAWING)
- = CALCULATED POINT
- = LOCATION FURNISHED BY PNRC.

Field Operator: R. Coberly

NOTICE:

SOME INFORMATION SHOWN HEREON IS BASED ON INFORMATION TAKEN FROM RECORD INFORMATION, PREVIOUS SURVEYS, PLATS AND SURVEYS BY OTHER SURVEYORS, OR COLLATORAL EVIDENCE AND MAY NOT REFLECT THAT WHICH MAY BE DISCLOSED BY A COMPLETE BOUNDARY SURVEY. THIS SKETCH IS NOT TO BE RELIED UPON FOR THE ESTABLISHMENT OF SURFACE BOUNDARIES, FENCES, BUILDINGS OR OTHER FUTURE IMPROVEMENTS.

I hereby certify that this proposed well location shown was plotted from field notes of a actual GIS survey and meets the requirements of Colorado Statue 38-51-109.3 and was made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief and IS NOT A LAND SURVEY PLAT.

*Lee Shields* October 17, 2007  
Lee Shields, CO PLS #37960 Date Platted

NOTE:

ALL WELL LOCATIONS AND ELEVATIONS DERIVED FROM OBSERVED GPS DATA AND DIFFERENTIALY CORRECTED TO CORS STATION PUEBLO 1 (PID #AJ6946) AND MEET AND/OR EXCEED COGCC RULE 303c AND RULE 215a-h.

NO VISIBLE IMPROVEMENTS WITHIN 200 FEET OF PROPOSED WELLHEAD UNLESS NOTED OTHERWISE.

DISTANCES ARE MEASURED AT 90° (NINTY DEGREES) FROM SAID SECTION LINES TO THE WELL LOCATION.

DESIRED PDOP MAY NOT BE OBTAINED DUE TO NATIVE CONDITIONS OF SITE.

SHIELDS SURVEY L<sup>td</sup>. C<sup>o</sup>. Raton, New Mexico 87740  
(505)445-1232

# COLORADO WELL LOCATION

**OPERATOR:** Pioneer Natural Resources

WELL NAME: Elmira 12-33 TR (Relocate)

SECTION 33 TOWNSHIP 32 S, RANGE 66 W OF THE 6TH P.M., IN LAS ANIMAS COUNTY

ACTUAL FOOTAGE OF WELL LOCATION:

GROUND ELEV. (NGVD29):

133 feet from the WEST line and 2465 feet from the NORTH line.

7516'

**BASIS OF BEARING:** GPS Observations

BASIS OF ELEVATION:

### GPS Observations

**PDP:** 2.2

**SURFACE USE:** Timber

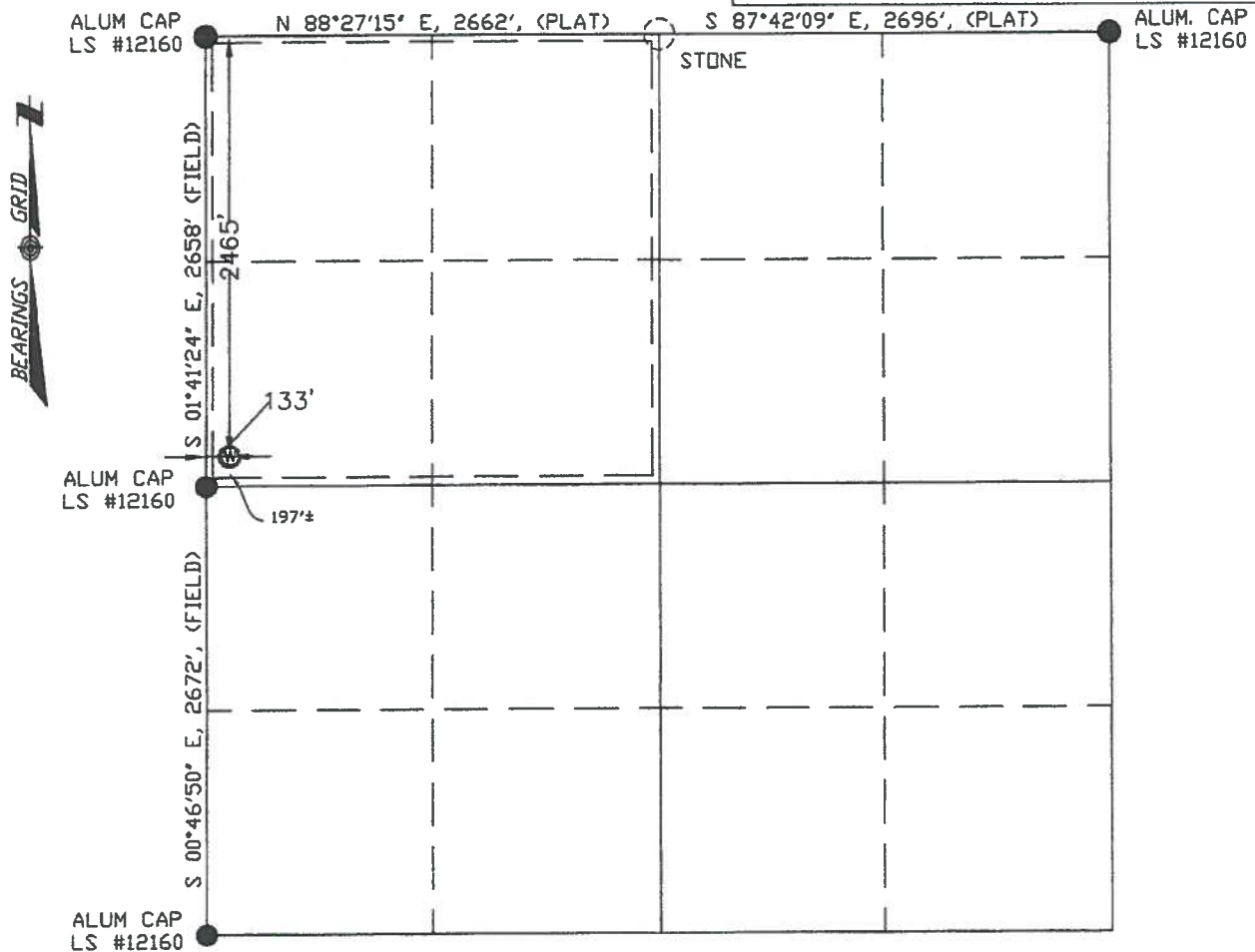
DATE STAKED: November 19, 2007

**LAT: N 37.21541°**

LONG: W 104.79258° (NAD27)





**LAT:** N 37.21542°

LONG: W 104.79312° (NAD83)



250 0 250 500 1000  
(in feet)  
1 inch = 1000 ft.

**LEGEND:**

-  = WELL LOCATION  
 = SURVEY MARKER (SEE DRAWING)  
 = CALCULATED POINT  
 = LOCATION FURNISHED BY P.N.R.C.

Field Operator: R. Coberly

**NOTICE:**

**NOTICE:** SOME INFORMATION SHOWN HEREON IS BASED ON INFORMATION TAKEN FROM RECORD INFORMATION, PREVIOUS SURVEYS, PLATS AND SURVEYS BY OTHER SURVEYORS, OR COLLATORAL EVIDENCE AND MAY NOT REFLECT THAT WHICH MAY BE DISCLOSED BY A COMPLETE BOUNDARY SURVEY. **THIS SKETCH IS NOT TO BE RELIED UPON FOR THE ESTABLISHMENT OF SURFACE BOUNDARIES, FENCES, BUILDINGS OR OTHER FUTURE IMPROVEMENTS.**

I hereby certify that this proposed well location shown was plotted from field notes of a actual GIS survey and meets the requirements of Colorado Statute 38-51-109.3 and was made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief and IS NOT A LAND SURVEY PLAT.

**NOTE:**

ALL WELL LOCATIONS AND ELEVATIONS DERIVED FROM OBSERVED GPS DATA AND DIFFERENTIALLY CORRECTED TO CORS STATION PUEBLO 1 (PID #AJ6946) AND MEET AND/OR EXCEED COGCC RULE 303c AND RULE 215a-h.

NO VISIBLE IMPROVEMENTS WITHIN 200 FEET OF PROPOSED WELLHEAD UNLESS NOTED OTHERWISE.

DISTANCES ARE MEASURED AT 90° (NINETY DEGREES) FROM SAID SECTION LINES TO THE WELL LOCATION.

DESIRED PDOP MAY NOT BE OBTAINED DUE TO NATIVE CONDITIONS OF SITE.

Lee Shields, CO PLS #37960      Date Platted

**SHIELDS SURVEY Ltd. Co.** *Raton, New Mexico 87740*  
*(505) 445-1232*

EXHIBIT "B"  
TO GILBERT R. GROVES SURFACE USE AGREEMENT  
ELMIRA 12-33 AND ELMIRA 12-33 Tr WELLS  
T32S, R66W Section 33: TRACT 32  
ARROWHEAD RANCHETTES SUBDIVISION  
Las Animas County, Colorado

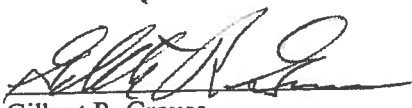
9/15/08 The following are additional provisions of the Surface Use Agreement dated \_\_\_\_\_, by and between Gilbert R. Groves (hereinafter "Owner"), and Pioneer Natural Resources (hereinafter "Operator"), its affiliates, subsidiaries, successors, assigns, employees, contractors, subcontractors and representatives covering certain lands located in T32S, R66W Section 33: TRACT 32, ARROWHEAD RANCHETTES SUBDIVISION  
Las Animas County, Colorado


1. Prior to Operator's entering onto T32S, R66W Section 33: TRACT 32, ARROWHEAD RANCHETTES SUBDIVISION (the "Property") to drill the ELMIRA 12-33 or ELMIRA 12-33 Tr Well (the "Wells"), Operator shall install a gate at a location acceptable to Owner on Owner's existing road to prevent Operator's employees and contractors from entering further onto Owner's property past the Wells.
2. Operator shall not broadcast water on Owner's existing roads without Owner's written permission being granted. All produced water must be located within the permitted reserve pits or piped or hauled off of the Property.
3. Any trees that Operator cuts down shall be cut into 16" lengths and placed adjacent to Owner's road for Owner to pick up. No trees are to be removed from the Property.
4. The reserve pit shall be fenced with 24" chicken-wire sufficient to keep small animals out of reserve pit.
5. The wellsite shall be fenced with H-braces and a second gate, at Owner's discretion, shall be constructed on the road sufficient to prevent access to Owner's house. Barbed wire fence shall be extended in a southerly direction to the "Leake" fence line and from the Well pad south along the east side of the existing road to Owner's south property line. Owner agrees to supply Operator with all barbed wire necessary for said fencing. An H-brace shall be installed at the intersection of said fence with Owner's south property line, at Operator's expense.
6. The private road from the entry gate to the existing home of Rodney Groves on the Property, not exceeding five hundred feet (500') in length, shall be repaired, graded and graveled with 4" of gravel. The area around Rodney Groves' house and drive and the existing road from Rodney Groves' house to Owner's house shall be reworked with a maintainer and graded. Any boulders in the road shall be adequately buried. Operator will remediate erosion on this road with the use of waterbars or any other method at Operator's discretion that is of similar cost to waterbars.
7. At a suitable location, Operator will dig a pit for a cistern at Owner's house on Property, not to exceed approximately ten feet by 20 feet (10'X20').
8. If available, Operator will supply Owner with a small used wooden shed out of its yard inventory. Owner will be responsible for transporting shed to his Property.
9. Operator will grade existing road to cistern located at the existing home of Rodney Groves on Property, not to exceed approximately 100' in length.
10. During drilling and fracing operations on Owner's property, Owner, Rodney Groves and Djai Groves shall be provided with two (2) hotel rooms at the La Quinta Inn or the Quality Inn in Trinidad at Operator's expense.
11. Once the well has sufficiently dewatered to permit an electrical pump to sufficiently power the Wells, the Wells shall be electrified. A pole will be set up as near to Owner's existing house as San Isabel Electric Association will permit, at Operator's

expense. It will be Owner's responsibility at its own expense to connect power to the existing house.

12. Owner and Operator recognize that the existing access road is also the access road to Rodney Groves' house. Operator will make a reasonable effort during its construction activities to keep the road accessible evenings and weekdays from 12:00 p.m. to 1:00 p.m.
13. Operator agrees to cooperate fully with Owner to take over any abandoned gas well and to complete the same as a water well once plugged by Operator. Any takeover and conversion of a gas well to a water well shall be at Owner's sole liability and expense and shall be done in conformance with and subject to the rules and regulations of all Federal, State and County agencies.
14. Notwithstanding anything contained herein to the contrary, Owner does not release Operator from any damages, nor is Owner being compensated for, any damages that are not customary damages that would have been incurred during operations that would have been conducted by a prudent oil and gas operator under similar circumstances.
15. Operator agrees to defend, indemnify and hold Owner harmless from any and all third party claims, demands or judgments connected directly with Operator's operations on Owner's Property.
16. The term of this Surface Use Agreement shall expire sixty (60) days after the plugging and abandonment of the Wells.

Signed for identification this 15 day of Sept., 2008

  
Gilbert R. Groves

Pioneer Natural Resources USA, Inc.  
  
By: Betty Brownson, Attorney in Fact

*ACB*



DEPARTMENT OF NATURAL  
RESOURCES  
Bill Ritter, Jr., Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

## Memorandum

**To:** Elmira 12-33 TR Well Files  
**From:** Steven Lindblom – Onsite Inspection Specialist  
**CC:** Gilbert Groves – Surface Owner  
Andy Boden – Pioneer Natural Resources  
David Dillon – COGCC  
**Date:** September 18, 2008  
**Re:** Groves – Pioneer Natural Resources Onsite Inspection

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This Memorandum summarizes discussions and developments regarding Pioneer Natural Resources (Pioneer) wells Elmira 12-33 T and R wells that occurred during the Groves Onsite Inspection in Section 33, Township 32S, Range 66W in Las Animas County at approximately 12 p.m. on September 3, 2008. Attendees included staff of the Colorado Oil and Gas Conservation Commission (COGCC), representatives of Pioneer, and the surface owners and their representative. A complete list of attendees and contact information is included with this Memorandum as Attachment 1.

After an introduction and overview of the Onsite Inspection policy, discussions focused on the proposed location of the well sites, access road issues, surface impacts, and concerns regarding the impacts of the proposed wells. It was noted at the start of the discussions that a subsequent meeting was planned between Pioneer and the surface owner and that a Surface Use Agreement was likely to be reached.

### PROPOSED LOCATION

Pioneer noted that the Elmira 12-33 wells were staked in a location that would minimize aesthetic impacts to the existing surface owner's uses and that the location would enable efficient drainage of the Raton and Vermejo Formations. Flexibility regarding the well location was limited by the proximity to nearby property lines. The access road and flow lines would follow an existing primitive road to a point near the proposed well pads, where a short new road would be constructed. The well pads were proposed to overlap, with an orientation difference of approximately 30 degrees.

### CONCERNS REGARDING WELL LOCATIONS

The surface owners noted that the proposed location of the Elmira wells was acceptable, given the circumstances, but were concerned about the extent of impacts. COGCC noted that re-orienting the pads would result in reduced surface impacts and requested that Pioneer evaluate the possibility that the well pads be aligned parallel to each other, rather than at an angle. COGCC also requested that Pioneer consider reducing the spacing between the two wells.

### CONCLUSION

COGCC concluded the meeting by requesting that Pioneer providing a diagram of a reoriented pad layout that would reduce surface impacts, surveyed locations of well pad corners and borehole locations, calculations demonstrating the expected drainage in the reservoirs, and an assessment of the possibility of reducing the spacing between the two boreholes. Shortly after this Onsite Inspection, a Surface Use Agreement was verbally agreed to between the two parties.



DEPARTMENT OF NATURAL  
RESOURCES  
Bill Ritter, Jr., Governor  
1120 Lincoln St. Suite 801  
Denver, CO 80203  
Phone: (303) 894-2100  
FAX: (303) 894-2109  
[www.oil-gas.state.co.us](http://www.oil-gas.state.co.us)

## Attachment 1

### Attendees and Contact Information

Name	Representing	Telephone Number
Andy Boden	Pioneer	(303) 675-2717
Chris Sanchez	Pioneer	(719) 845-4328
Gilbert Groves	Landowner	(719) 846-1767
Rodney Groves	Landowner	(719) 846-1767
Jesse Manzaneras	Landowner attorney	(719) 846-4447
Steven Lindblom	COGCC	(303) 894-2100 x 114

SURFACE DAMAGE RELEASE

STATE OF COLORADO       §  
  §  
COUNTY OF LAS ANIMAS   §

KNOW ALL MEN BY THESE PRESENTS:       *SEE HAND WRITTEN ADDITION #0 + 8*

THAT Gilbert R. Groves (Surface Owner), as indicated by the Tax Assessor's office in Las Animas County, Colorado, in consideration of the payment by PIONEER NATURAL RESOURCES, USA, Inc. (Operator) to the undersigned of the sum of Five Thousand and 00/100 Dollars (\$5000.00) in hand paid, the receipt and sufficiency of which is hereby acknowledged, hereby grants unto Operator, its agents, employees, contractors, invitees, licensees, representatives and assigns, the right to enter upon and use a portion of the surface estate as hereinafter described, together with an access route thereto for the unrestricted transportation of vehicles, materials, equipment, personnel and products to and from the drill site location. Further permission is granted to the Operator to dispose produced water from the well in order to control dust on lease roads.

*REMOVE THIS STATEMENT SEE HAND WRITTEN ADDITION #N*

Surface Owner further releases and discharges Operator, its agents, employees, contractors, invitees, licensees, representatives and assigns, from any claim for injuries, losses or damages to the surface and to pasture, grazing or irrigated lands which may be sustained in connection with moving in and out of the drillsite location and in connection with operations conducted on the drillsite location for the drilling and completion of the following well(s):

Elmira 12-33 Tr and Elmira 12-33 Wells  
See Exhibit "A" and Exhibit "B", attached hereto and incorporated herein by this reference.  
T32S, R66W Section 33: SW/4NW/4  
Las Animas County, Colorado

In the event others should claim an interest in the damage payments described above, we agree to be responsible to them for their proportionate share of the damage payments, if any.

The rights, duties and privileges hereunder shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, successors and assigns. All financial terms of this agreement are to be kept confidential by both parties.

IN WITNESS WHEREOF, this instrument is executed this \_\_\_\_\_ day of \_\_\_\_\_, 2008.

WITNESS:

\_\_\_\_\_  
Gilbert R. Groves

STATE OF Colorado       §  
  §  
COUNTY OF Las Animas   §

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by  
Gilbert R. Groves.

Witness my hand and official seal the day and year last written above.

My commission expires: \_\_\_\_\_  
Notary Public

EXHIBIT "B"  
TO GILBERT R. GROVES SURFACE USE AGREEMENT  
ELMIRA 12-33 AND ELMIRA 12-33 Tr WELLS  
T32S, R66W Section 33: TRACT 32  
ARROWHEAD RANCHETTES SUBDIVISION  
Las Animas County, Colorado

The following are additional provisions of the Surface Use Agreement dated \_\_\_\_\_, by and between Gilbert R. Groves (hereinafter "Owner"), and Pioneer Natural Resources (hereinafter "Operator"), its affiliates, subsidiaries, successors, assigns, employees, contractors, subcontractors and representatives covering certain lands located in T32S, R66W Section 33: TRACT 32, ARROWHEAD RANCHETTES SUBDIVISION Las Animas County, Colorado

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- ② OK Operator shall not broadcast water on Owner's existing roads without Owner's written permission being granted. All produced water must be located within the permitted reserve pits or piped or hauled off of the Property. *SEE HAND WRITTEN ADDITION REF*
- ③ OK Any trees that Operator cuts down shall be cut into 16" lengths and placed adjacent to Owner's road for Owner to pick up. No trees are to be removed from the Property.
- ④ OK The reserve pit shall be fenced with 24" chicken-wire sufficient to keep small animals out of reserve pit.
- ⑤ OK The wellsite shall be fenced with H-braces and a second gate, at Owner's discretion, shall be constructed on the road sufficient to prevent access to Owner's house. Barbed wire fence shall be extended in a southerly direction to the "Ahern" fence line.
- ⑥ OK The private road from the Wells which approaches existing home of Rodney Groves on the Property, not exceeding five hundred feet (500') in length, shall be repaired, graded and graveled with 4" of gravel. The area around the house and drive shall also be graded. Any boulders in the road shall be adequately buried. Operator will ~~remediate erosion on this road with the use of waterbars or any other method at~~ Operator's discretion that is of similar cost to waterbars. *SEE HAND WRITTEN ADDITION OK*
- ⑦ OK If practicable, Operator will dig a pit for a cistern at Owner's house on Property, not to exceed approximately ten feet by 20 feet (10'X20').
- ⑧ OK If available, Operator will supply Owner with a small used wooden shed out of its yard inventory. Owner will be responsible for transporting shed to his Property.
- ⑨ OK Operator will grade existing road to cistern located at the existing home of Rodney Groves on Property, not to exceed approximately \_\_\_\_\_ in length.
- ⑩ OK Once the well has sufficiently dewatered to permit an electrical pump to sufficiently power the Wells, the Wells shall be electrified. A pole will be set up as near to Owner's existing house as San Isabel Electric Association will permit, at Operator's expense. It will be Owner's responsibility at its own expense to connect power to the existing house.
- ⑪ OK Owner and Operator recognize that the existing access road is also the access road to Rodney Groves' house. Operator will make a reasonable effort during its construction activities to keep the road accessible evenings and weekdays from 12:00 p.m. to 1:00 p.m.
- ⑫ OK Notwithstanding anything contained herein to the contrary, Owner does not release Operator from any damages, nor is Owner being compensated for, any damages that

are not customary damages that would have been incurred during operations that would have been conducted by a prudent oil and gas operator under similar circumstances.

(13) <sup>OK</sup> Operator agrees to defend, indemnify and hold Owner harmless from any and all third party claims, demands or judgments connected directly with Operator's operations on Owner's Property.

(14) <sup>OK</sup> The term of this Surface Use Agreement shall expire sixty (60) days after the plugging and abandonment of the Wells.

Signed for identification this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_

\_\_\_\_\_  
Gilbert R. Groves

ANDY, TELL PIONEER TO ADD THIS HAND WRITTEN ADDITIONS A THROUGH  
TO THIS SURFACE DAMAGE RELEASE ALONG WITH WHAT IS ALREADY ON,  
(WITH THE EXCEPTIONS <sup>CHANGED</sup> BEING MADE) AND WE WILL HAVE A GO WITH  
IT. ITS A SHAME YOU PEOPLE HAVE WASTED EIGHT MONTHS DRILLING  
TIME ON TWO WELLS.  
I SENT TO, AND RECEIVED AN APP. FOR MAKING A COMPLAINT  
TO THE LOLO. OIL & GAS COMMISSIONER ON THIS WHOLE SITUATION.  
I'VE GAVE YOU TEN DAYS TO GIVE ME AN ANSWER TO THIS OFFER, TEN  
DAYS FROM THE DATE OF THIS MAILING.  
YOU KNOW ANDY, I DON'T THINK YOU MADE A REASONABLE  
CONSIDERATION TO MY CONCERNS

*Gilbert R. Groves*

HANDWRITTEN ADDITIONS

A. Road easement T \$2,000.00

B. 5,000.00 per well

C. \$26.00 per Linear Rod of pipe (2L Repair or Rekey 10.00)

D. Page #3 Front Gate "A" in same spot it is in Now  
Gate "B" Top of hill with Fence

From well To South Fence

E. 5 <sup>curb</sup> drain Pipes, see Page That has been  
Number Page #3

F. As soon as water From well is good company  
will pipe water To Field for a Pond

G. When digging, drilling or Fracking. Working  
The well, Company will pay for 2  
Room's at Holiday Inn. Rodney Groves  
& his wife, and a Room for Gilbert  
Groves

H. When. well is Dead, no longer making  
gas and if IT. Has good well water  
The well is To Be Turned over. To

US, & LOAN WITH CASSIDY

I. A SHED, REASONABLE TIGHT FOR ROD GROVES HOUSE

J. A COMPLETE SOUND BARRIER TO BUMPS TO BE  
MAINTAINED AS PER OWNER  
M.I.D

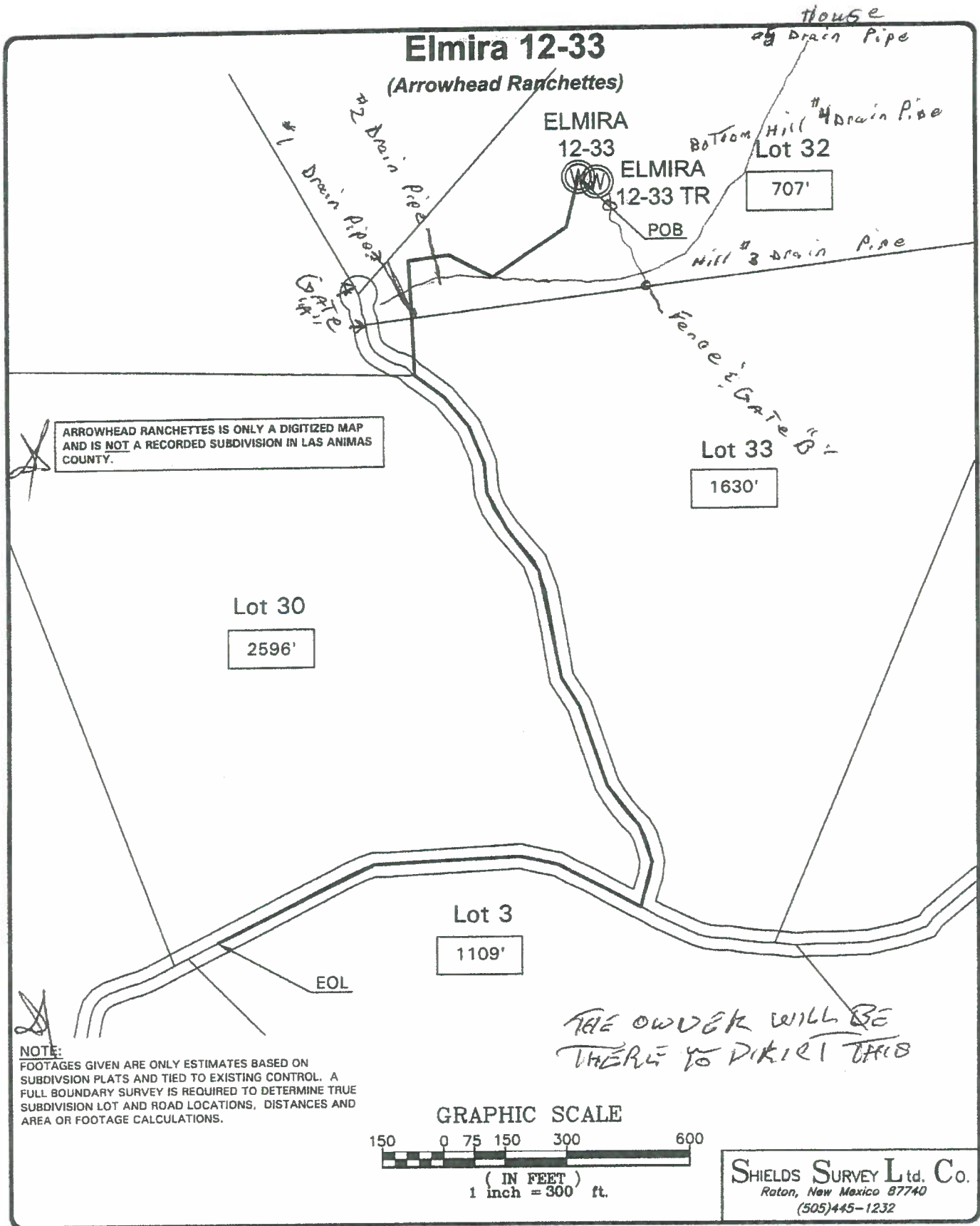
K. Road up hill to Rod's house  
completely regressed to 4" of gravel

if is pulling  
no water  
OK

agreed to gate  
on road to  
well & be  
if 2nd gate  
has company  
new

Bond 155mm  
Refining

→ almost found to  
give him 2 almost  
in agreement







**PIONEER**  
NATURAL RESOURCES USA, INC.

United Parcel Service: 1ZF47A340197617692

Gilbert R. Groves  
15550 Arrowhead LN  
Weston, CO 81091-9722

RE: Notice of operations for the Elmira 12-33 and Elmira 12-33 TR  
T32S, R66W Section 33: SW/4NW/4  
Las Animas County, Colorado

Dear Mr. Groves:

As you are undoubtedly aware, you were originally noticed on the drilling of one of the subject wells by Pioneer over 3 years ago on June 15, 2005. After subsequent notices also being sent in January 13, 2006, June 4, 2007 and July 24, 2007, you agreed to meet with Pioneer's field coordinator, Chris Sanchez, and you subsequently completed a field consultation on the Elmira 12-33 TR, located on the same pad as the Elmira 12-33 Well.

Since that consultation, Pioneer has been actively working with you to accomodate your multiple concessions in regards to both of the subject wells, specifically pertaining to the pad, road and various other requests of yours for additional excavation, dirtwork and amenities at other locations on your and your son Rodney's property.

I personally drove to Trinidad and met with you, accompanied by Chris Sanchez, on January 29, 2008, March 27, 2008, May 2, 2008 and June 27, 2008 and we also met on site with your son Rodney and his wife, Djai, on January 30th, at your request. Besides all these personal visits to discuss terms with you and your family, phone calls were made on January 30, 2008, May 13, 2008, May 20, 2008, June 13, 2008, June 16, 2008, July 3rd, July 8, 2008 and July 14, 2008. In our last meeting on June 27th there in Trinidad, you stated that the only issue remaining on the table was the term of the agreement. I agreed that the term of the Surface Damage Release Agreement would be tied to the life of the oil and gas lease, to which you consented. I then added that change and presented the Agreements back to you for signing and return. You then mailed back the unsigned Agreements with comments that you now wanted more gravel and grading and substantially more fencing. When I called you about the changes on June 8, 2008, I stated that Pioneer could not perform additional work on your site without your waiving the damage payments, to which you replied in your phone message the following week we could move ahead. When I returned your call to confirm your instructions, I was then told that you could no longer work with me and Pioneer, that our deal was off and that I had to sort this out with your son Rodney again.

I made phone calls to Rodney on July 14, 2008, July 16, 2008 and July 22, 2008 and was told that Rodney would confer with you and that I would receive a fax on or before July 25, 2008 with any additional terms that you were requesting on top of the substantial terms that had already been agreed to by Pioneer, subject to your signing a Surface Damage Release. I agreed to consider any minor additional reasonable terms, but as of this date, no new terms have been presented.

Regretably, we feel that we have far exceeded our obligation for "good faith consultation with the Surface Owner" that the State statutes provide and must now move on with our drilling plans for the above-referenced wells, absent any surface use agreement or release.

This letter shall serve as notice that Pioneer Natural Resources USA, Inc. intends to conduct drilling, road and/or pipeline operations on and near your property located in T32S, R66W Section 33: Tract 32 of Arrowhead Ranchettes on or after 30 days from the date of this letter.

There may be large truck and construction traffic in the area at this time.

We have enclosed another copy of the SDR and ROW Agreements in case you misplaced the last ones. Please execute the SDR and ROW agreement and have your signature acknowledged by a Notary Public, then return one copy to Pioneer Natural Resources USA, Inc. at your earliest convenience, in the enclosed envelope. Please be advised, we cannot pay you for damages until we receive the signed agreements in our office.

We appreciate your patience, and should you have any questions or concerns regarding our operations, please call Chris Sanchez in Trinidad at 719-859-6579. If you have questions regarding the Surface Damage or Right-of-Way Agreement please call Andy Boden in Denver at 303-675-2717 or 800-553-1645.

Thank you for your consideration and cooperation in this regard.

Sincerely,

PIONEER NATURAL RESOURCES USA, INC.



Andy Boden  
Senior Landman  
AB/jp

CC: Steven Lindblom  
Steven.lindblom@state.co.us



ET DE ES

RECEIVED

DEC 20 07

Plugging Bond Surety ID#

COGCC

Complete the

1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL  
OIL ☐ GAS ☐ COALBED ☒ OTHER: ☐  
SINGLE ZONE ☐ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Refilling ☐  
Sidetrack ☐

3. Name of Operator: Pioneer Natural Resources USA Inc.	4. COGCC Operator Number: 10084	Attachment Checklist	OP	COGCC
5. Address: 1401 17th Street, Ste 1200 City: Denver State: CO Zip: 80202		APD Orig & 1 Copy	<input checked="" type="checkbox"/>	
6. Contact Name: Georgina Guzman Phone: (303) 675-2611 Fax: (303) 294-1275		Form 2A	<input checked="" type="checkbox"/>	
7. Well Name: Elmira Well Number: 12-33 Tr		Well location plat	<input checked="" type="checkbox"/>	
8. Unit Name (if appl): Cottontail Pass Unit Unit Number: COC 59968X		Topo map	<input checked="" type="checkbox"/>	
9. Proposed Total Measured Depth: 2160		Mineral lease map	<input checked="" type="checkbox"/>	
10. QtrQtr: SW/NW Sec: 33 Twp: 32S Rng: 66W Meridian: 6th PM Latitude: 37.21542 Longitude: -104.79312 Footage At Surface: 2465 N 133 W		Surface agmt/Surety		
11. Field Name: Purgatoire River Field Number: 70830		30 Day notice letter	<input checked="" type="checkbox"/>	
12. Ground Elevation: 7516 13. County: Las Animas		Deviated Drilling Plan		
14. GPS Data: Date of Measurement: 11/19/2007 PDOP Reading: 2.2 Instrument Operator's Name: R. Coberly		Exception Location Request		
		Exception Loc Waivers		
		H2S Contingency Plan		
		Federal Drilling Permit		

15. If well is: ☐ Directional ☐ Horizontal (highly deviated), submit deviated drilling plan. Bottomhole Sec Twp Rng: ☐ ☐ ☐  
Footage At Top of Prod Zone: ☐ ☐ ☐ At Bottom Hole: ☐ ☐ ☐  
16. Is location in a high density area (Rule 603b)? ☐ Yes ☒ No  
17. Distance to the nearest building, public road, above ground utility or railroad: 850  
18. Distance to Nearest Property Line: 218 19. Distance to nearest well permitted/completed in the same formation:

20. LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number (s)	Unit Acreage Assigned to Well	Unit	5/4, etc.)
Raton	RTON	NA			

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease #  
22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian  
23. Is the Surface Owner also the Mineral Owner? ☐ Yes ☒ No Surface Surety ID#  
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☐ Yes ☐ No  
23b. If 23 is No: ☐ Surface Owners Agreement Attached or ☒ \$25,000 Blanket Surface Bond ☐ \$2,000  
24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located  
See Attached  
25. Distance to Nearest Mineral Lease Line: 218 26. Total Acres in Lease: 2628.55

STEVE  
ON SITE  
REQUEST  
SHELTON

Andy Barber

675-2711

DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.  
28. Will salt sections be encountered during drilling? ☐ Yes ☒ No  
29. Will salt (>15,000 ppm TDS Cl) or oil based muds be used during drilling? ☐ Yes ☒ No  
30. If questions 27 or 28 are yes, is this location in a sensitive area (Rule 903)? ☐ Yes ☒ No If 28, 29 or 30 are "Yes"  
31. Mud disposal: ☐ Offsite ☐ Onsite  
Method: ☐ Land Farming ☐ Land Spreading ☐ Disposal Facility ☒ Other: N/A  
NOTE: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b.) If air/gas drilling, notify local fire officials.

String	Size of Hole	Size of Casing	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bottom	Cement Top
Surface	11 in.	8-5/8 in	24.0 ppf	640	134	640	Surface
Production	7-7/8 in	5-1/2 in	15.5	2160	320	2160	Surface
Conductor	12 3/4 in	12 3/4 in	33.38	6	N/A	N/A	Hammered in

32. BOP Equipment Type: ☐ Annular Preventor ☐ Double Ram ☒ Rotating Head ☐ None  
33. Comments Surface casing exception required for 640' COGCC requires surface casing to be 920' this would bypass ~36% of Net Raton Coal. Deepest water well is 4420' away.  
34. Initial Rule 306 Consultation took place on (date) 9/12/2007, was waived, or is not required. Provide supporting documentation if consultation has been waived or if good faith effort did not result in consultation.  
PERMIT SUBMITTED TO COGCC PRIOR TO COMPLIANCE WITH RULE 306 CONSULTATION SHALL BE RETURNED UNAPPROVED.  
I hereby certify that a complete permit package has been sent to the applicable Local Government Designee(s), and all statements made in this form are, to the best of my knowledge, true, correct, and complete.

Signed: Georgina Guzman Print Name: Georgina Guzman  
Title: Engineering Tech. Date: 12/18/2007 Email:

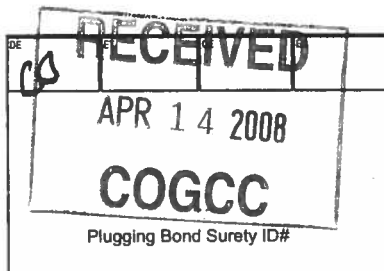
Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.  
COGCC Approved: 20077152 Director of COGCC Date:  
Permit Number: 20077152 Expiration Date:

API NUMBER  
05-

CONDITIONS OF APPROVAL, IF ANY:



02060858



1. ☒ Drill, ☐ Deepen, ☐ Re-enter, ☐ Recomplete and Operate

2. TYPE OF WELL  
OIL ☐ GAS ☐ COMB ☒ OTHER: \_\_\_\_\_  
SINGLE ZONE ☐ MULTIPLE ZONES ☐ COMMINGLE ZONES ☐

Refiling ☐  
Sidetrack ☐

3. Name of Operator: Pioneer Natural Resources USA Inc. 4. COGCC Operator Number: 10084  
5. Address: 1401 17th Street, Ste 1200  
City: Denver State: CO Zip: 80202  
6. Contact Name: Georgina Guzman Phone: (303) 675-2611 Fax: (303) 294-1275  
7. Well Name: Elmira Well Number: 12-33  
8. Unit Name (if appl): Cottontail Pass Unit Unit Number: COC 59968A  
9. Proposed Total Measured Depth: 2530

Complete the Attachment Checklist		OP	COGCC
APD Orig & 1 Copy		<input checked="" type="checkbox"/>	
Form 2A		<input checked="" type="checkbox"/>	
Well location plat		<input checked="" type="checkbox"/>	
Topo map		<input checked="" type="checkbox"/>	
Mineral lease map		<input checked="" type="checkbox"/>	
Surface agrmt/Surety			
30 Day notice letter		<input checked="" type="checkbox"/>	
Deviated Drilling Plan			
Exception Location Request			
Exception Loc Waivers			
H2S Contingency Plan			
Federal Drilling Permit			

10. QtrQtr: SW/NW Sec: 33 Twp: 32S Rng: 66W Meridian: 6th PM  
Latitude: 37.21546 Longitude: -104.79328  
Footage At Surface: 2451 N 88 W  
11. Field Name: Purgatoire River Field Number: 70830  
12. Ground Elevation: 7534 13. County: Las Animas

14. GPS Data:  
Date of Measurement: 9/13/2007 PDOP Reading: 1.7 Instrument Operator's Name: R. Coberly

15. If well is: ☐ Directional ☐ Horizontal (highly deviated), ☐ submit deviated drilling plan. Bottomhole Sec Twp Rng: \_\_\_\_\_  
Footage At Top of Prod Zone: \_\_\_\_\_ At Bottom Hole: \_\_\_\_\_

16. Is location in a high density area (Rule 603b)? ☐ Yes ☒ No  
17. Distance to the nearest building, public road, above ground utility or railroad: 850  
18. Distance to Nearest Property Line: 176 19. Distance to nearest well permitted/completed in the same formation: 1939

## 20. LEASE, SPACING AND POOLING INFORMATION

Objective Formation(s)	Formation Code	Spacing Order Number (s)	Unit Acreage Assigned to Well	Unit Configuration (N/2, SE/4, etc.)
<u>Raton/Vermejo</u>	<u>RT-VJ</u>	<u>NA</u>		<u>NA</u>

21. Mineral Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian Lease # \_\_\_\_\_  
22. Surface Ownership: ☒ Fee ☐ State ☐ Federal ☐ Indian  
23. Is the Surface Owner also the Mineral Owner? ☒ Yes ☐ No Surface Surety ID# \_\_\_\_\_  
23a. If 23 is Yes: Is the Surface Owner(s) signature on the lease? ☒ Yes ☐ No  
23b. If 23 is No: ☐ Surface Owners Agreement Attached or ☐ \$25,000 Blanket Surface Bond ☐ \$2,000 Surface Bond ☐ \$5,000 Surface Bond  
24. Using standard QtrQtr, Sec, Twp, Rng format enter entire mineral lease description upon which this proposed wellsite is located (attach separate sheet/map if you prefer):  
See Attached  
25. Distance to Nearest Mineral Lease Line: 176 26. Total Acres in Lease: 32.28

## DRILLING PLANS AND PROCEDURES

27. Is H2S anticipated? ☐ Yes ☒ No If Yes, attach contingency plan.  
28. Will salt sections be encountered during drilling? ☐ Yes ☒ No  
29. Will salt (>15,000 ppm TDS Cl) or oil based muds be used during drilling? ☐ Yes ☒ No  
30. If questions 27 or 28 are yes, is this location in a sensitive area (Rule 903)? ☐ Yes ☒ No If 28, 29 or 30 are "Yes" a pit permit may be required.  
31. Mud disposal: ☐ Offsite ☐ Onsite  
Method: ☐ Land Farming ☐ Land Spreading ☐ Disposal Facility ☒ Other: N/A

NOTE: The use of an earthen pit for Recompletion fluids requires a pit permit (Rule 905b.) If air/gas drilling, notify local fire officials.

String	Size of Hole	Size of Casing	Weight Per Foot	Setting Depth	Sacks Cement	Cement Bottom	Cement Top
<u>Surface</u>	<u>11 in.</u>	<u>8-5/8 in</u>	<u>24.0 ppf</u>	<u>650</u>	<u>136</u>	<u>650</u>	<u>Surface</u>
<u>Production</u>	<u>7-7/8 in</u>	<u>5-1/2 in</u>	<u>15.5</u>	<u>2530</u>	<u>375</u>	<u>2530</u>	<u>Surface</u>
<u>Conductor</u>	<u>12 3/4 in</u>	<u>12 3/4 in</u>	<u>33.38</u>	<u>6</u>	<u>N/A</u>	<u>N/A</u>	<u>Hammered in</u>

32. BOP Equipment Type: ☐ Annular Preventor ☐ Double Ram ☒ Rotating Head ☐ None  
33. Comments Surface casing exception needed for 650'. COGCC requires surface casing to be set at 970' this would bypass ~40% of Net Coal (~22') Deepest water well is 4476' away.  
34. Initial Rule 306 Consultation took place on (date) 9/12/2007, was waived, or is not required. Provide supporting documentation if consultation has been waived or if good faith effort did not result in consultation.  
**PERMIT SUBMITTED TO COGCC PRIOR TO COMPLIANCE WITH RULE 306 CONSULTATION SHALL BE RETURNED UNAPPROVED.**  
I hereby certify that a complete permit package has been sent to the applicable Local Government Designee(s), and all statements made in this form are, to the best of my knowledge, true, correct, and complete.  
Signed: Georgina Guzman Print Name: Georgina Guzman  
Title: Engineering Tech. Date: 9/11/08 Email: \_\_\_\_\_

Based on the information provided herein, this Application for Permit-to-Drill complies with COGCC Rules and applicable orders and is hereby approved.

COGCC Approved: \_\_\_\_\_ Director of COGCC Date: \_\_\_\_\_

Permit Number: 20082451 Expiration Date: \_\_\_\_\_

CONDITIONS OF APPROVAL, IF ANY:

API NUMBER

05-