

918

AGREEMENT

THIS AGREEMENT, made as of the 30th day of June, 2003 by and between Lot Holding Investments, LLC, hereinafter referred to as "Owner" and Patina Oil & Gas Corporation, hereinafter referred to as "Company."

WITNESSETH:

WHEREAS, Owner is the owner of the surface estate of land located in the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section Thirteen (13), Township Four North (T4N), Range Sixty Seven West (R67W) of the Sixth Principal Meridian (6th P.M.), in Weld County, Colorado, hereinafter referred to as the "Premises", and

WHEREAS, Company is the lessee of the oil and gas resources within and underlying the Premises, and

WHEREAS, Company proposes to drill, complete, equip, and operate an oil and gas well upon the Premises (the "Maury O13-3"), and

WHEREAS, the aforesaid parties desire to agree upon the matter of compensation for the use of a portion of the Premises during the drilling, completion and equipping of the aforesaid well, as well as certain other operations and activities to be conducted upon the Premises.

NOW, THEREFORE, for and in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. SURFACE USE PAYMENT. Prior to the commencement of operations by Company upon the Premises, Company shall pay

No other use of the surface of the Premises by Company shall be permitted.

2. SURFACE WELL LOCATION. The surface location of the Maury O13-3 shall be as set forth on **Exhibit A** attached hereto and made a part hereof which location shall be approximately two thousand forty-two feet away from the west line of Section 13, T4N, R67W, 6th P.M., and approximately eight hundred twenty-seven feet away from the north line of Section 13, T4N, R67W, 6th P.M. Upon 60 days written notice to Company by Owner, Company agrees at its sole cost and expense to adjust the wellhead elevation to the



final grade elevation for the area around the Maury O 13-3 that will be achieved at the time of overlot grading during development of the Premises.

3. ACCESS. Company shall gain access to and from the well site on the roads depicted on Exhibit A. Until surface development occurs, the access roads shall be not more than twenty feet in width and Company shall maintain such roads at all times in good condition. At Owner's option, the access roads may be removed and Company shall use the roadway system constructed by Owner during surface development.
4. FENCING. Prior to the commencement of operations by Company upon the Premises involving the use of heavy equipment, Company, at its expense, shall construct a temporary, single strand wire fence to mark the boundaries of the designated access road and proposed location described in Exhibit A. Company shall maintain said fence in a functional condition until all drilling site preparation and construction operations, well drilling and completion operations, pipeline and equipment construction and installation operations and reclamation operations have been completed. Upon completion of said operations, Company shall dismantle and remove said fence from the premises. Company vehicular traffic and equipment operations upon the Premises beyond the fence boundary are expressly prohibited.
5. CULVERTS. Company, shall provide and install culverts of an adequate kind, size and quality necessary to maintain existing land drainage, and existing water flows to, from, under, over, across, through and upon the access road and surface location on the Premises.
6. SOIL EXCAVATION. Company shall segregate the topsoil from all other soils during excavation of the drilling pits. When segregating soil during excavation, Company shall rely on apparent changes in physical soil characteristics such as color, texture, density and consistency. All excavated soils shall be stockpiled within the fenced drilling site area.
7. PIPELINES. The flowline from the wellhead to the production tank battery shall be wrapped, coated or otherwise adequately protected to prevent corrosion, and shall be buried to the depth of no less than four (4) feet below the final or finished grade level of the land through which any pipeline traverses. Owner shall provide the finished or final grade elevations to Company within seven (7) days of Company's written request for the same and will survey and stake the flowline route to be used by Company. Said survey shall be recorded as a record of the flowline location. Company agrees to relocate its pipelines at Owner's expense within 60 days of written notice from Owner to Company of the desired location so long as the alternative locations for Company's pipelines are acceptable to Company in Company's reasonable discretion. Company shall have the right to construct, operate and maintain a sales pipeline on the Premises. In order to provide for such, Owner shall, to the extent necessary, grant a nonexclusive easement to Company's gas purchaser in a form reasonably acceptable to Company's gas purchaser and Owner to utilize a reasonable area following the route generally depicted and/or described on Exhibit "A" as "Sales Line" running from the tank battery to the south side of Weld County Road 46. If owner decides to



3084918 07/17/2003 04:39P Weld County, CO
3 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder

subdivide the Premises, Owner shall either relocate the Company's pipelines as provided herein or plat a non-exclusive easement for each of Company's pipelines that shall be thirty feet in width and that shall not have less than 10 feet of easement area on either side of Company's pipeline

8. RECLAMATION. As soon as conditions permit following the completion of well drilling and completion operations, but no later than three (3) months after the completion of such operations, all portions of the Premises affected by operations conducted by Company that are not necessary for the continued operation of the subject well, shall be restored by the Company, at its expense, to the condition that existed prior to the commencement of such operations. Owner may extend said three (3) month period if conditions beyond the control of Company prevent Company from complying with this provision. All equipment and all items, materials, liquids and substances of any kind, nature and composition, and all combinations thereof, associated with operations conducted by Company not necessary for the continued operations of the subject well, shall be removed from the Premises. Company, at its expense, shall replace contaminated soils with uncontaminated soils of a similar kind and quality. All soils and excavated pipeline trenches and fluid containment pits shall be allowed to dry sufficiently to minimize soil compaction during reclamation operations. All excavated soils shall be returned to the relative positions where they were located prior to excavation. If necessary for operations, using soil from the vicinity of the wellhead, Company shall establish the Final Grade within a 20-foot radius of the wellhead and construct an access ramp to the wellhead. The remainder of the surface shall be contoured, leveled and mechanically ripped and shattered to a depth of eighteen (18) inches. Except for de minimus amounts, Company shall remove all shale and/or bentonite materials from the drill site area.
9. ROAD MAINTENANCE AND WEED CONTROL. Company agrees to: (a) maintain the access road at its cost and expense until surface development occurs; and (b) at all times control weeds within the area extending thirty (30) feet around Company's wellhead and well production equipment. All weed control shall be done to the satisfaction of Owner.
10. TANK BATTERY. The tank battery shall be constructed in the location identified in Exhibit "A." The tanks, separator and wellhead shall be located approximately Seventy-Five (75) feet away from each other as depicted on Exhibit "A". Company agrees to relocate its tank battery and all other surface equipment at Owner's expense within 60 days of written notice from Owner to Company of the desired location so long as the alternative locations are acceptable to Company at Company's reasonable discretion. *Company shall use the same Tank Battery for the Maury O 13-3 as Company is using for the Maury O 13-6. B H O/S*
11. WAIVER OF NOTICE OF DRILLING. This Agreement constitutes written consent of Owner for Company to proceed with the drilling, testing, completion, pumping, operation and maintenance of the Maury O13-3 Well on the Premises. This Agreement also constitutes Owner's written acknowledgement that Company has complied with Rules 305b. and 305c. of the Colorado Oil and Gas Conservation Commission, Owner's written waiver of the notice requirements set forth in Rule 305 as related to drilling only and Owner's written



3084918 07/17/2003 04:39P Weld County, CO
4 of 6 R 31.00 D 0.00 Steve Moreno Clerk & Recorder

acknowledgement that Company has complied with the consultation requirement set forth in Rule 306. Any Notice of Subsequent Operations required by the rules and regulations of the Colorado Oil and Gas Conservation Commission shall include posting a sign at the entrance to the well site area with all required notification information.

- 12. NOTIFICATION. Any notice given from one party hereto to the other under this Agreement shall be made by depositing such notice in the US Mail, as certified mail, return receipt requested, postage prepaid, and addressed as follows:

If to Owner: Lot Holding Investments, LLC
ATTN: Bret Hall
P.O. Box 2150
Greeley, CO 80632

With a Copy to: Otis, Coan & Stewart, LLC
ATTN: G. Brent Coan
1812 56th Avenue
Greeley, CO 80634

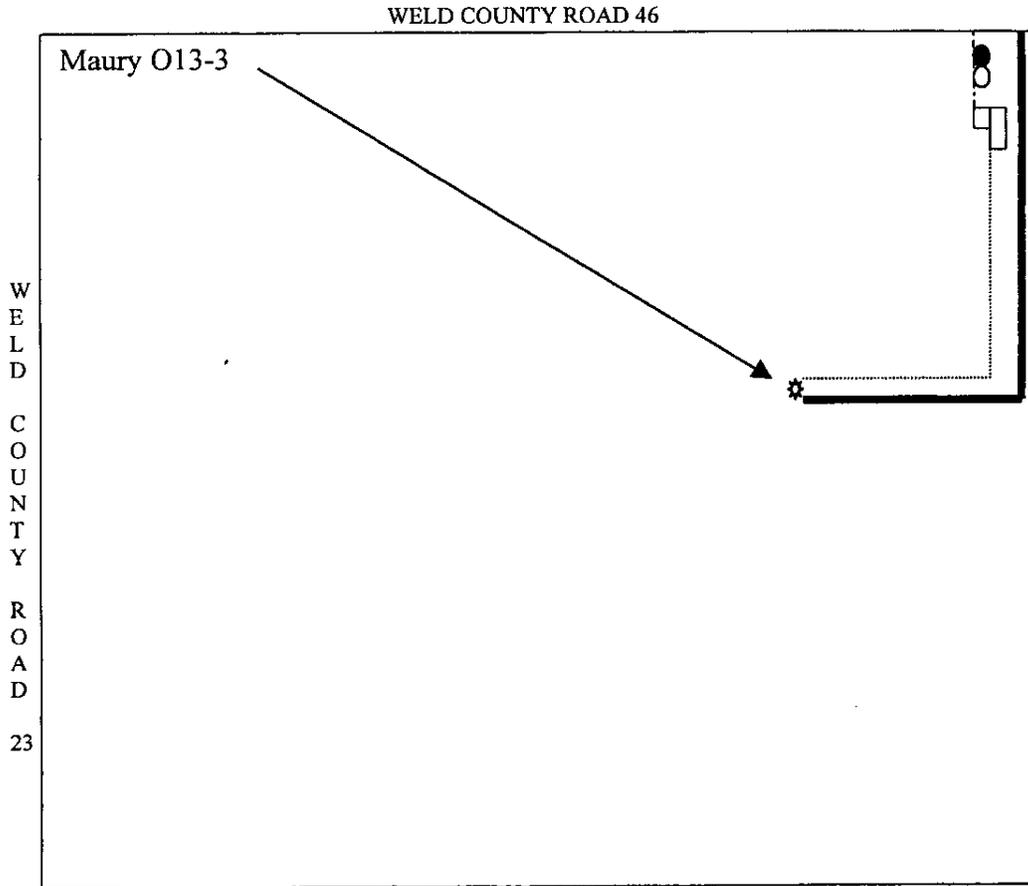
If to Company: Patina Oil & Gas Corporation
ATTN: David W. Siple
1625 Broadway, Suite 2000
Denver, CO 80202

13. MISCELLANEOUS.

- a. In the event of litigation between the parties, prevailing party shall be awarded its costs and attorney's fees.
- b. Time is of the essence in all provisions of this Agreement.
- c. Colorado Law shall be used in the interpretation and construction of this Agreement and the resolution of all disputes hereunder.
- d. This Agreement is binding upon and will inure to the benefit of the parties hereto, their successors and assigns.
- e. The provisions of this Agreement may be amended only in writing signed by both parties.
- f. Paragraph headings are for convenience only and shall not be considered in any

EXHIBIT "A"

Attached to a Surface Use Agreement dated June 30, 2003, by and between Lot Holding Investments LLC and Patina Oil & Gas Corporation covering a tract of land in NE1/4NW1/4 of Section 13, Township 4.North, Range 67 West, 6th P.M., Weld County, Colorado.



- Wellhead 
- Oil Tank 
- Separator 
- Meter House 
- Water Pit 
- Flowline 
- Sales Line 
- Access 

[Faint, illegible text]