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Surface Use Agreement

THIS AGREEMENT, entered into and effective June 25, 2010 by and between the Durham Livestock Company, "Surface Owner" by Raymond A. and Starla L. Durham, P. O. Box 61, Hamilton, Colorado 81638 and East Resources Management LLC, "Operator" 370 Interlocken Boulevard, Suite 550, Broomfield, Colorado 80021. Durham Livestock Company and East Resources Management LLC are sometimes collectively referred to in this Agreement as the "Parties".

WHEREAS, East Resources Management LLC (hereinafter referred to as "Operator") proposes to drill the WFU Durham #1-31N and WFU Durham #2-31SE wells to explore for oil and gas with a surface location in the SW/4SE/4 of Section 31, Township 5 North, Range 90 West, Moffat County, Colorado (Subject Lands); and

WHEREAS, The Durham Livestock Company (hereinafter referred to as "Surface Owner"), is the owner of the surface estate of said proposed well location and hereby grants Operator the right to access and occupy [REDACTED] the surface to drill, complete and operate the proposed wells subject to the following terms and conditions:

1. Operator agrees to pay Surface Owner [REDACTED] as consideration for all damages for its use of [REDACTED] surface to access, drill, complete and operate the initial test well. Operator agrees to pay half of said consideration within fifteen (15) days of execution of this Agreement, and the second half of said consideration to be paid within fifteen (15) days of Operator starting construction. Operator further agrees that [REDACTED]
2. Operator agrees [REDACTED] Operator further agrees [REDACTED] without the written consent of Surface Owner.

Surface Owner acknowledges that the surface restriction provision applies to the drilling of wells. Preventative and emergency maintenance of wells will occur periodically along with the measuring and hauling of oil [REDACTED]

3. Surface Owner shall be [REDACTED]

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██████████
4. New roads constructed by Operator shall not exceed 16 feet in width unless approved by Surface Owner. Entrance to the location off county roads will be built pursuant to the county requirements. New roads shall be properly ditched and contain water bars or culverts as needed to preserve the existing drainage routes for the surrounding lands.

Easements will be compensated at ██████ per rod for use of existing roads that Operator has not used in the past; ██████ per rod for new roads in range land; and ██████ per rod for new roads in irrigated land.

5. Operator agrees to install cattle guards or gates where any of Surface Owner's fences are removed to allow for Operator's new route. Operator further agrees to relocate that portion of any fence that is removed for a New Well location to the perimeter around such location. Any such fencing removed or damaged by Operator will be rebuilt to no less than the specifications of the fence so removed or damaged.

Operator further agrees to fence all areas on its well locations which are dangerous to livestock (such as pits and wellheads) and to maintain such fencing for as long as Operator is using the Subject Lands. Operator agrees to leave all gates open or closed as found.

6. Operator shall not use any water belonging to Surface Owner without prior written consent of Surface Owner. Operator further agrees to replace or restore reservoirs disturbed by its operations. New Well sites will not be located within 500 feet of developed springs.
7. During drilling, production, and reclamation operations, all disturbed areas shall be kept as free of all undesirable plant species designed to be noxious weeds as practicable. Operator's contractors and employees will make every attempt to minimize dust to personal property, crops and neighboring residences caused by excess traffic.
8. Operator shall be responsible for assuring that every contractor or employee who enters Surface Owner's property shall comply with the terms of this Agreement.
9. Operator agrees that there will be no firearms on location. Operator also agrees that it will not bring dogs onto Surface Owner's property. Operator's obligations under this Agreement include prevention, by all reasonable means, of its employees, agents, contractors or guests from being on the Subject Lands in a state of alcoholic intoxication and/or under the influence of illegal drugs.

Surface Owner's obligations under this Agreement include prevention, by all reasonable means, of its employees, agents, contractors or guests from being on the Lease Roads in a state of alcoholic intoxication and/or under the influence of illegal drugs. Further, Surface Owner, by all reasonable means possible, will not allow use of firearms by anyone in a state of alcoholic intoxication and/or under the influence of illegal drugs on the subject lands.

10. Operator agrees that all lands disturbed for Operator's operations shall be re-contoured and reclaimed similar to contours and conditions existing prior to Operator's use of the disturbed lands.
11. Operator agrees to install electric motor pumps. Should Operator desire to install gas motor pumps, Operator must first obtain consent of the Surface Owner.

12. Operator shall be entitled to construct pipelines and power lines across Subject Lands without payment of further consideration in order to market production from said lines and in preparation for reclamation and final abandonment, Operator shall use its best efforts to consult in good faith with the Surface Owner.
13. Operator shall have the right to continue using the Subject Lands for any purposes necessary or desirable for the production of oil and gas from the WFU Durham #1-31N and WFU Durham #2-31SE wells. Such use shall include the production of oil and gas in paying quantities, the making of repairs, performing work-overs, testing, evaluating, deepening or recompletion operations, and for such reasonable time thereafter as may be required by Operator to plug and abandon said well or wells.
14. Upon plugging and abandonment of the proposed well, Operator agrees to remove all equipment associated therewith from Surface Owner's land.
15. Operator agrees that it shall not use Surface Owner's property for any purposes other than those necessary and/or desirable for the exploration for and production of oil and/or gas from the Subject Lands. Operator agrees that there will be no equipment storage, including trailers of any kind, off location or on access roads without the consent of Surface Owner.
16. Surface Owner hereby waives any and all requirements for notices and consultation under Rules 305 and 306 of the Rules and Regulations of the State of Colorado Oil and Gas Conservation Commission for the Subject Lands.
17. This Agreement shall remain in force and effect from the date hereof and for so long as the Oil and Gas Lease covering any portion of the Subject Lands shall be in effect.
18. This Agreement shall be binding upon the successors and assigns of Surface Owner and Operator.
19. This Agreement may be signed in separate counterpart signature pages, no one of which needs to be signed by both Parties, and when so executed, it shall have the same effect as if both Parties had signed the same signature page.

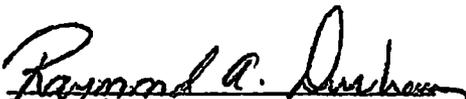
IN WITNESS WHEREOF, the Parties hereby agree to accept the terms and conditions contained in this Agreement effective on the date first above written.

SURFACE OWNER:

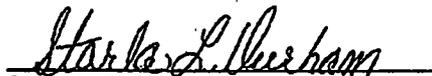
OPERATOR:

DURHAM LIVESTOCK COMPANY

EAST RESOURCES MANAGEMENT LLC


Raymond A. Durham

By 
Ginny Burchard, Land Manager


Starla L. Durham

