

## SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT is made and entered into as of Dec 24, 2013 and is by and between ZC Real Estate Holdings, LLC, a Colorado limited liability company ("Grantor"), on the one hand, and Mineral Resources, Inc., a Colorado corporation with an address of P.O. Box 328, Greeley, Colorado 80632 ("Mineral Resources").

### RECITALS

- A. Grantor is the sole owner in and to the surface of a parcel of land in Weld County, Colorado, as described in Exhibit "A" attached hereto and made a part hereof is located (the "Property").
- B. Grantor represents that it owns the Property and that the Property is free and clear of liens and claims, except the current year taxes and assessments; subject to those matters which appear of record in the Clerk and Records Office, Weld County, Colorado, matters which may be revealed by survey and inspection and zoning, subdivision and other use regulation of the City of Greeley, Colorado.
- C. Mineral Resources represents that it is a registered oil and gas Operator in Colorado and owns leasehold interests in minerals that can be accessed and developed by drilling a well from the Property.
- D. Mineral Resources and Grantor have agreed upon the terms of this Agreement pursuant to which Mineral Resources may drill oil and gas wells on the surface of the Property with bottom hole locations as provided in this Agreement.
- E. This Agreement and the location of well facilities depicted on Exhibit B comply with the rules and regulations of the COGCC as existing on the date of this agreement and the parties are relying upon such rules in entering into this agreement.
- F. The parties enter into this Agreement in order to minimize the surface impact to and to protect the value of the surface estate owned by Grantor by providing for a multi-well pad site and to permit Mineral Resources to develop the oil and gas reserves underlying and adjacent to the Property.

NOW, THEREFORE, in consideration of the premises, the payments made and to be made hereunder, the mutual covenants contained herein and for other good and valuable consideration, Grantor and Mineral Resources agree as follows:

1. The Recitals set forth above are incorporated in this Agreement as though fully restated in this Paragraph 1.
2. Mineral Resources may use the surface of the Property to conduct oil and gas operations, including, without limitation, to drill, complete, operate, frac and refrac,

rework, redrill, recomplete, deepen, and maintain oil and gas wells and to obtain easements for and install and maintain flow lines and pipelines. The parties specifically agree that the wells drilled on the Property pursuant to this Agreement may have bottom hole locations under lands other than the Property.

3. The wellheads, production facilities, vapor recover and flare units, tanks, separators and other equipment to be utilized by Mineral Resources in connection with the oil and gas wells that it has drilled and may drill on the Property pursuant to this Agreement ("Equipment") will be located generally as depicted on Exhibit B attached hereto and made a part hereof and this Agreement expressly governs the locations of wells and production facilities on the surface estate. The location of flow lines and pipelines shall be determined at a subsequent date.

a. Grantor and Mineral Resources recognize and agree that in order to minimize surface impact to and to protect the value of the surface estate and to allow Mineral Resources to conduct oil and gas operations on the Property, Mineral Resources will comply with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") existing as of the date of mutual execution of this agreement and that the agreed upon locations depicted herein comply with all safety requirements of the COGCC rules.

b. If Mineral Resources is not able to locate the Equipment or any additional Equipment at the exact locations depicted on Exhibit B the locations may be modified as appropriate.

4. Grantor and Mineral Resources agree that the Property may be used by Mineral Resources to conduct any oil and gas operations that may be reasonably necessary, useful or convenient for the production of oil and gas from the surface of the Property.

5. In consideration of this Agreement, Mineral Resources agrees to pay Grantor the following payments:

a. A one time surface damage payment of [REDACTED] per well for each well that is drilled on the Property. The payment will be made by Mineral Resources to Grantor, which represents that there are no other persons or entities entitled to any portion of the payments to be made on a well by well basis to Grantor, prior to the commencement of the wells on a well-by-well basis.

b. An amount equal to [REDACTED] of the proceeds actually received by Mineral Resources from time to time from the production of oil, gas and associated hydrocarbons from each well; after deducting the cost and expenses of gathering, transporting and processing of gas and oil to the extent necessary to deliver to a pipeline or pipeline carrier marketable gas or oil incurred and paid by Mineral Resources.

6. This Agreement shall remain in full force and effect for a term of twenty-five (25) years from the date of execution hereof or so long as any of the wells drilled on

the Property is producing oil and/or gas and associated hydrocarbons in "paying quantities", whichever is greater. For the purposes of this Agreement, "paying quantities" means on a well-by-well basis, proceeds from production exceed the lease operating expenses on a month to month basis and that no well shall be considered not to be producing in paying quantities unless and until lease operating expenses exceed revenues for a period of six consecutive months of actual production.

7. Mineral Resources covenants and agrees to pay all of the costs and expenses attributable to the oil and gas wells that are drilled on the Property pursuant to the terms of this Agreement to include and not being limited to the design, construction, surveying, leveling, demolition and construction, topsoil removal storage and restoration, road construction and maintenance, fencing, weed control and any other costs and expenses related or incurred in connection with the development, construction, operation and maintenance of the Property for the purposes of this Agreement and the wells to be drilled pursuant to this Agreement.

a. With respect to fencing, Mineral Resources will comply with the fencing requirements, if any, of the COGCC and the City of Greeley, Colorado or any other governmental agency with jurisdiction of the Mineral Resources oil and gas operations on the Property and as reasonably requested by Grantor.

b. Mineral Resources covenants and agrees to keep the Property free and clear of mechanics liens and other liens in the favor of vendors to Mineral Resources except for statutory liens that are customary in the oil and gas industry and that Mineral Resources deems necessary or convenient for its oil and gas operations at the Property.

8. Either party may assign all or any portion of this Agreement at any time and from time to time provided that no such assignment shall enlarge, amend or modify the obligations or duties of the parties to this Agreement.

9. Mineral Resources will conduct its operations on the Property, including the plugging and abandonment of the wells drilled on the Property pursuant to this Agreement in compliance with the applicable rules and regulations of the COGCC and the City of Greeley, Colorado.

10. With the prior written consent of Mineral Resources, which consent may be withheld by Mineral Resources in the exercise of its reasonable discretion, Grantor may install and maintain, at its own expense and expense, ground cover, landscaping and watering systems ("Landscaping") within the Property provided that the Landscaping will not interfere with Mineral Resource's operations. Grantor shall have the right to possess and use that part of the Property not necessary to Mineral Resources' oil and gas operations.

11. This Agreement constitutes written consent of Grantor for Mineral Resources to conduct the oil and gas operations contemplated by this Agreement on the Property, pursuant to the terms and conditions contained herein. This Agreement also

constitutes Grantor's written acknowledgment that Mineral Resources has provided an appropriate Notice of Drilling in accordance with Rules 305.b (1) and 305.c of the COGCC and has properly engaged in Drilling Consultation with Grantor in accordance with COGCC Rule 306.a (1). This Agreement also constitutes Grantor's acknowledgment that Mineral Resources has complied with the well location requirements of COGCC Rule 318 A or that Grantor has waived any provisions of such rule that is inconsistent with or conflicts with the well locations designated pursuant to this Agreement.

12. All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been fully given, made and received only when personally delivered, received via facsimile that has been confirmed electronically, delivered by Federal Express or other nationally recognized courier service, or three (3) days after having been deposited in the United States mail, postage prepaid, return receipt requested. All notices requests, demands and other communications required or permitted hereunder shall be addressed as set forth below:

IF TO GRANTOR:

14183 West Exposition Drive  
Lakewood, CO 80228

IF TO MINERAL RESOURCES

Mineral Resources, Inc.  
P.O. Box 328  
Greeley, CO 80632  
ATTN: Arlo Richardson  
TELEPHONE: 970-352-9446  
FAX: 970-339-8321

13. This Agreement and all of the covenants herein shall be covenants running with the land.

14. Grantor and Mineral Resources agree that Mineral Resources may record an original of this Agreement or a Memorandum thereof in the real property records of Weld County, Colorado.

15. This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.

16. This Agreement will be binding upon and inure to the benefit of the parties hereto and their heirs, personal representatives, successors and assigns.

17. If any provision of this Agreement or the application hereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of this Agreement nor the application of such provision to any other person

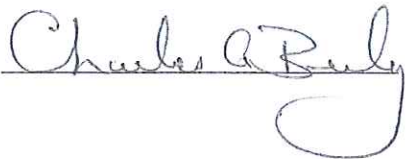
or circumstances shall be affected thereby, but rather the same shall be enforced to the greatest extent permitted by applicable law.

18. This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Colorado, excluding any conflict of laws, rule or principle that might refer the governance or the construction hereof to another jurisdiction.

MINERAL RESOURCES, INC.

By:   
Arlo Richardson,  
President

ZC REAL ESTATE HOLDINGS, LLC:

By:  Manager

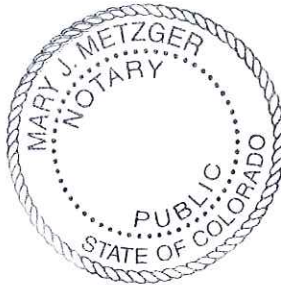
STATE OF COLORADO )  
 ) ss.  
COUNTY OF WELD )

The foregoing instrument was acknowledged before me this 30 day of December 2013, by Arlo Richardson as President of Mineral Resources, Inc., a Colorado corporation, on behalf of said corporation.

[SEAL]

My commission expires: 11/17/14

Mary J Metzger  
Notary Public



STATE OF COLORADO )  
 ) ss.  
COUNTY OF Gorseld )

The foregoing instrument was acknowledged before me this 24 day of Dec 2013, by Charles A Beasley as manager of ZC Real Estate Holdings LLC as his/her free and voluntary act.

[SEAL]

My commission expires: aug 22, 2017

Wendy Lynn Van Sant  
Notary Public

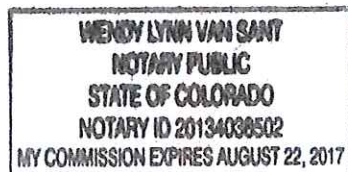


EXHIBIT A  
Legal Description

Township 5 North, Range 65 West

Section 8: Part of the E/2, described as follows:

That part of the East Half of Section 8, Township 5 North, Range 66 West of the 6<sup>th</sup> P.M., Weld County, Colorado, described as follows:

Commencing at the southeast corner of the North Half of the Southeast Quarter of said Section 8 monumented with a 5/8" rebar with 2 1/2" aluminum cap stamped 2013, PLS 38199;

Thence South 89°27'14" West for 30.00 feet on the south line of the North Half of the Southeast Quarter of said Section 8 to a 5/8" rebar with 1 1/4" yellow plastic cap stamped PLS 38199 and the TRUE POINT OF BEGINNING;

Thence continuing South 89°27'14" West for 1757.11 feet on said south line to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence North 20°42'54" East for 217.24 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence along a curve to the right (having a radius of 330.07 feet and a long chord bearing North 35°08'20" West for 370.53 feet) for an arc length of 393.40 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence North 00°58'59" West for 252.67 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence along a curve to the left (having a radius of 1030.20 feet and a long chord bearing North 04°54'50" West for 140.23 feet) for an arc length of 140.33 feet to a 5/8" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence along a curve to the left (having a radius of 1030.20 feet and a long chord bearing North 13°48'29" West for 179.91 feet) for an arc length of 180.14 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence North 18°48'19" West for 126.08 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence along a curve to the right (having a radius of 830.16 feet and a long chord bearing South 80°06'06" West for 257.21 feet) for an arc length of 258.25 feet to a 5/8" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence South 88°59'50" West for 167.98 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence North 00°34'29" West for 131.83 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence North 30°20'25" East for 101.90 feet to a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002;

Thence North 77°04'21" East for 255.21 feet to a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence North 67°39'24" East for 210.12 feet to a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence North 62°27'31" East for 340.80 feet to a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence North 50°31'40" East for 110.11 feet to a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence North 35°13'30" East for 202.47 feet to a 1/2" rebar with 1" orange plastic cap stamped KSI LS 33642;

Thence North 35°29'31" East for 208.65 feet to a 1/2" rebar with 1" orange plastic cap stamped KSI LS 33642;

Thence North 74°19'37" East for 534.81 feet to a 1/2" rebar with 1" orange plastic cap stamped KSI LS 33642;

Thence South 75°29'47" East for 518.17 feet to a 1/2" rebar with 1" yellow plastic cap stamped FREESE LS 4392;

Thence North 85°50'12" East for 60.97 feet to a 1/2" rebar with 1" yellow plastic cap stamped FREESE LS 4392;

Thence South 00°24'11" East for 862.61 feet to a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence North 54°44'24" East for 248.82 feet to the west right of way line of 71<sup>st</sup> Avenue monumented with a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence South 00°28'00" East for 24.37 feet on said west right of way line to a 1/2" rebar with 1" yellow plastic cap stamped PLS 38199;

Thence South 54°42'17" West for 506.56 feet to a 1/2" rebar with 1" yellow plastic cap (markings obliterated);

Thence South 54°43'22" West for 133.19 feet to a 1/2" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence South 62°27'13" West for 80.67 feet to a 1/2" rebar with 1" yellow plastic cap (marking obliterated);

Thence South 00°25'11" East for 898.08 feet to a 5/8" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

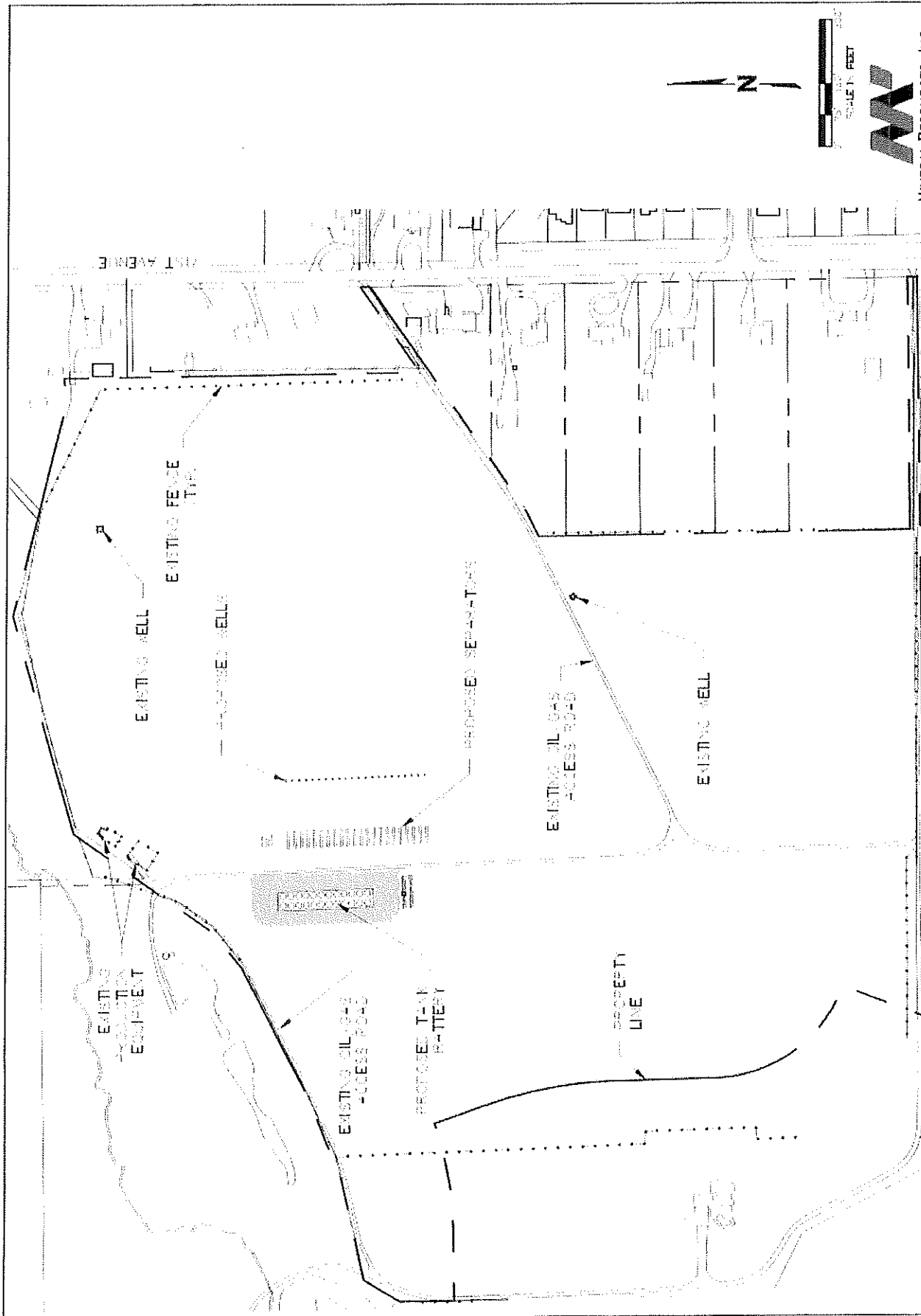
Thence North 89°47'04" East for 596.53 feet to the west right of way line of 71<sup>st</sup> Avenue monumented with a 5/8" rebar with 1 1/4" yellow plastic cap stamped PLS 38199;

Thence South 00°24'35" East on said west right of way line for 21.55 feet to the Point of Beginning.

Basis of Bearings: Referenced from Warranty Deed recorded at the Weld County, Colorado Clerk and Recorder's Office on December 27, 2006 at Reception Number 3443837. The south line of the north half of the Southeast Quarter of Section 8, Township 5 North, Range 66 West of the 6<sup>th</sup> P.M. bears South 89°27'14" West between a 5/8" rebar with 2 1/2" aluminum cap stamped 2013, PLS 38199 and a 5/8" rebar with 2" aluminum cap stamped ALLES AND ASSOCIATES, INC PLS 9644-2002 with all other bearings relative thereto.



**EXHIBIT B**  
**Oil and Gas Facilities**



PROJECT NO: 013-2978

DRAWN BY: EKM

DATE: 12/20/13

# TRIPLE CREEK DIRECTIONAL PROJECT

**OLSSON**  
ASSOCIATES

2355 Westheimer Boulevard  
Suite 160  
Lubbock, TX 79401  
TEL: 806.777.7735

MINERAL RESOURCES, INC.

EXHIBIT

1