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10/5/2016 12:45 PM  
AGR RS41.00 D\$0.00

June Madrid  
Archuleta County

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**SURFACE USE AGREEMENT**  
**Carmelita Gallegos A3**

This Surface Use Agreement ("Agreement") is effective the 14<sup>th</sup> day of Sept, 2016 ("Effective Date"), between Arboles Series of Cruz Properties, LLC ("Landowner" whether one or more), with a mailing address of 3263 S. Julia Ln., Magna, Utah 84044 and BP America Production Company, a Delaware corporation, ("BP") with an office at 380 Airport Road, Durango, Colorado 81303. Landowner and BP are sometimes referenced in the Agreement individually as a "Party" and collectively as the "Parties".

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

See Exhibit "A" for legal description, attached hereto and incorporated herein by reference.

BP is the owner of certain rights in one or more oil and gas leases underlying the Property and is the operator of the Carmelita Gallegos ("Unit"). The Property is located wholly or partially within the Unit boundaries and BP has plans to drill Unit wells, the Carmelita Gallegos A3 ("Well"), from a surface location on the Property.

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 construction and in consideration of the covenants contained in this Agreement, the Parties agree as follows:

**A. Landowner Matters:**

1. Monetary Payment. Landowner agrees 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 operations and (ii) consideration for any rights granted herein by Landowner.
2. Landowner Use of Drillsite. BP will have exclusive use of the Drillsite, as defined below, at all times. Landowner shall not use the Drillsite for storage, access or any other purpose.
3. Permission to Raise, Move and Install Utility Lines. Landowner hereby grants permission for a local electrical service provider to raise, move and install utility lines on the Property if and when requested by BP in connection with the Well. Landowner agrees to execute utility easements provided by LPEA as may be requested in order to comply with this provision.
4. Setback of 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, any future homes, buildings (including portable buildings) and other habitable structures located on the Property. Regardless of such setback distance requirements, Landowner agrees that all such future structures will be located a minimum distance of at least 200 feet away from the Well and any of the associated wellhead equipment, pipelines and facilities. Landowner waives any and all setback standards or similar requirements under any applicable state regulation or County or other local code, with respect to residential structures currently existing on the Property.
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. Landowner also waives the right to receive notices under any applicable County or other local code, in connection with the matters addressed in this Agreement.





6. Landowner Use of Property. Landowner acknowledges that this Agreement is deemed to fully satisfy any obligation of BP to accommodate, whether under statute or common law, Landowner's use or legally potential use of the surface of the Property.

**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 up to approximately 2.0 acres. The Drillsite will be located approximately 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 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 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. Upon Landowner's request in writing, BP will provide to Landowner a copy of any survey plat obtained by BP depicting the Drillsite or any access roads, pipelines or facilities on the Property.
5. Recording of Agreement. BP may 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.
6. Maintenance and Repair of Access Roads. BP will reasonably maintain 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. BP will make all necessary repairs to the roads caused by BP's use. However, BP will not be required to snow plow or otherwise clear any road of snow.
7. Burial of Pipelines. BP will, to the extent reasonably practicable, bury all water and gas pipelines to a minimum depth of 36 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.
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



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.

**Arboles Series of Cruz Properties LLC**

**BP America Production Company**

By: Bob Cruz  
As: Agent

By: Debra Bacon  
Debra Bacon, Attorney-in-Fact <sup>MV</sup>

By: Tina Cruz  
As: Agent

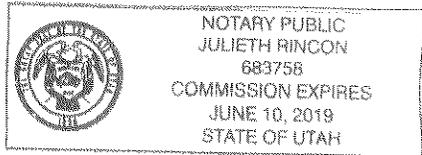
STATE OF Utah )  
COUNTY OF Salt Lake ) SS

SUBSCRIBED AND SWORN TO before me this 14<sup>th</sup> day of Sept., 2016,  
by Bob Cruz as Agent for Arboles series of Cruz  
Properties, LLC

My commission expires: June 10, 2019

Julie Rincon  
Notary Public

STATE OF Utah )  
COUNTY OF SALT LAKE ) SS

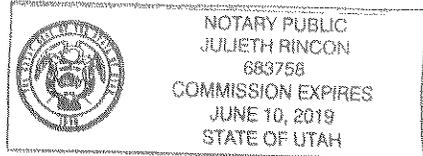


SUBSCRIBED AND SWORN TO before me this 14 day of Sept, 2016,  
by Tina Cruz as Agent for Arboles series of Cruz  
Properties, LLC

My commission expires: June 10, 2019

Julie Rincon  
Notary Public

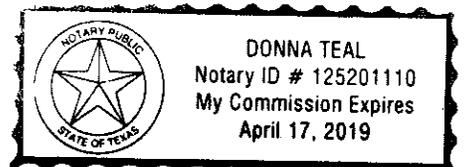
STATE OF TEXAS )  
COUNTY OF HARRIS ) SS



SUBSCRIBED AND SWORN TO before me this 23 day of September, 2016,  
by Debra Bacon, Attorney-In-Fact for BP America Production Company, a Delaware  
corporation.

My commission expires: 4/17/19

Donna Teal  
Notary Public



## Exhibit "A"

Attached to and made a part of that certain Surface Use Agreement dated 14<sup>th</sup> Sept.  
\_\_\_\_\_, 2016 between BP America Production Company and Arboles Series of Cruz Properties LLC.

The South one-half of the following described property, to-wit:

The SE/4 of Section 17 and the NE/4 of Section 20 in Township 32 North, Range 5 West, N.M.P.M.  
TOGETHER WITH all ditch and ditch rights, water and water right thereunto belonging, including but  
not by way of limitation 115 shares of stock of the Pine River Canal Company.

EXCEPTING HEREFROM a tract of 6 acres in the SE/4 NE/4 of Section 20, Township 32 North, Range  
5 West, N.M.P.M., lying South of the San Juan River and more particularly described in a deed recorded  
in Book 81 at Page 77 of the Archuleta County records.

EXCEPTING HEREFROM also a attract of 18.65 acres, more of less heretofore reserved in the NW/4  
SE/4 of Section 17, Township 32 North, Range 5 West, N.M.P.M., described as: BEGINNING at the  
Northwest Corner of the NW/4 SE/4 of Section 17, thence South along the West line 946 feet; thence East  
858 feet to a point; thence North 946 feet to a point on the North line of NW/4 SE/4 of Section 17; thence  
West 858 feet to the point of beginning. EXCEPTING ALSO a tract of land consisting of 108 acres  
heretofore conveyed to the United States of America more particularly described in book 97 at pages 368-  
69 of the books on record in Archuleta County, Colorado.

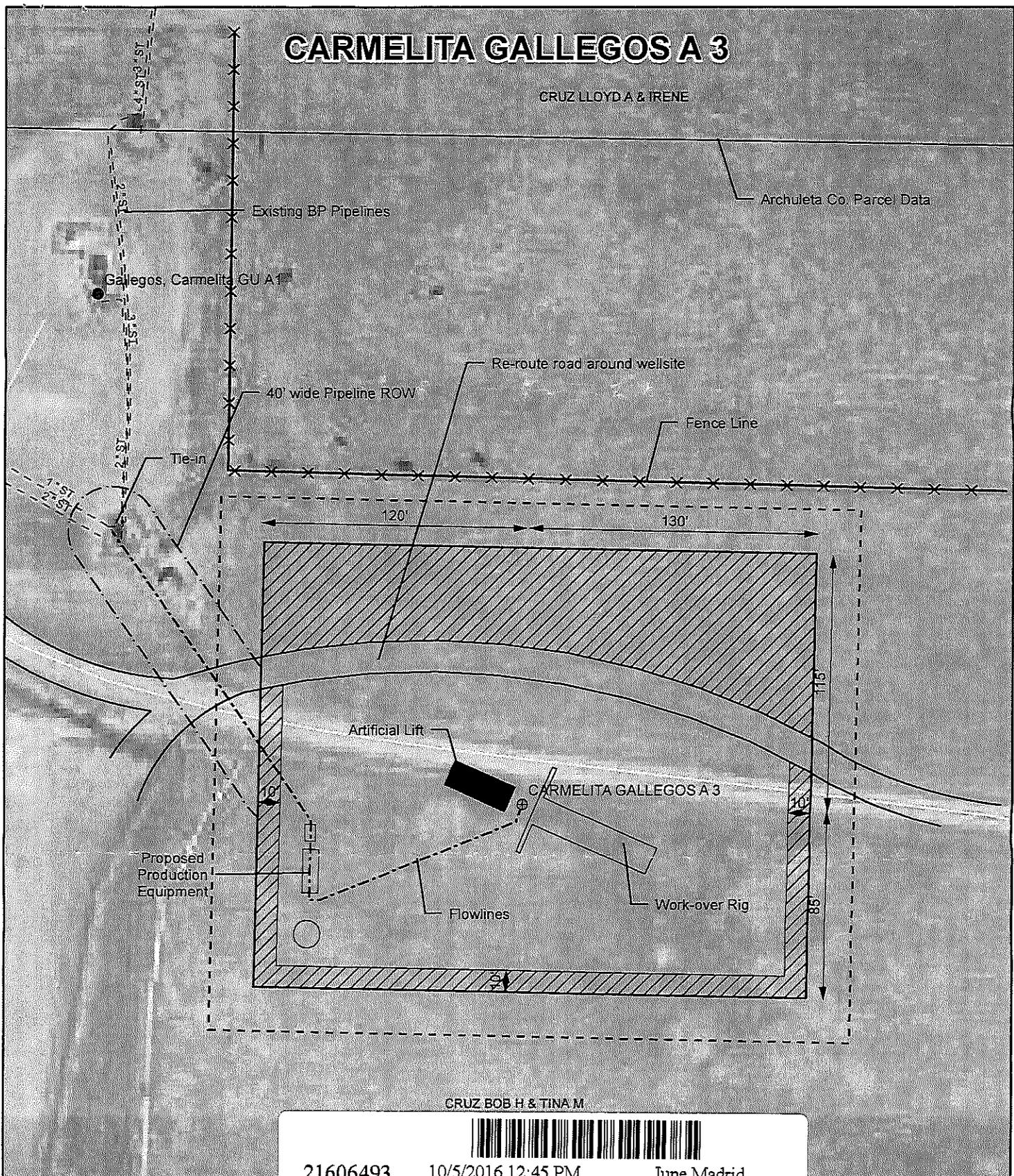


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Archuleta County

# CARMELITA GALLEGOS A 3

CRUZ LLOYDA & IRENE



CRUZ BOB H & TINA M

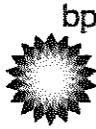


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- ⊕ Proposed Well
- Flowlines
- Pad
- ▨ Reclaim
- Workover Rig
- Artificial Lift
- ROW



6/21/2016



0 15 30 60 90 120 Feet

**DISCLAIMER:** This general arrangement drawing (GAD) has been generated for a preliminary discussion of a proposed access road, pipeline, drillsite or other type of facility. The location and arrangement thereof are approximate and subject to change at any time, whether due to on-the-ground surveys, regulatory requirements or (without limitation) other factors. Reclamation plans do not reflect cut and fill slopes and are subject to change as data is acquired. This GAD is confidential and its duplication or distribution requires written permission from BP America Production Company.

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SW¼SE¼ Sec 17 T32N R05W