



**SURFACE USE AGREEMENT
(CD-3 (aka CS-3) Well Project)**

This Surface Use Agreement ("SUA") is effective the 14th day of October, 2014, ("**Effective Date**"), between *The Thomas W. and Ima Jean Pedigo Revocable Living Trust, dated March 9, 2006* ("**Landowner**") whether one or more), with a mailing address of 597 N. Harrison St., Cortez, CO 81321 and Kinder Morgan CO₂ Company, L.P., a Texas limited partnership ("**KM**"), with an office at 17801 Hwy. 491, Cortez, CO 81321.

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

Township 38 North, Range 19 West, N.M.P.M.
Section 13: SW1/4SE1/4
Montezuma County, CO
(The "**Property**")

KM is the owner of certain rights in one or more oil and gas leases underlying the Property or in oil and gas leases unitized therewith. KM is the operator of the McElmo Dome (Leadville) Deep Unit ("**Unit**"). The Property is located wholly or partially within the Unit boundaries and KM has plans to drill a well, the CD-3 ("**Well**"), from a surface location on the Property and within the Unit.

Landowner and KM have engaged in a discussion of certain aspects of KM's plan for the drilling, completion and operation of the Well on the Property, and the Parties now desire to enter into this Agreement principally in order to confirm KM rights and to clarify KM's plans.

In consideration of the promise by KM 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 commencement of construction by KM in connection with the Well and related roads, pipelines, facilities and infrastructure and in consideration of the covenants contained in this SUA, the Parties agree as follows:

A. Matters Pertaining to Landowner:

1. Damage Compensation. Landowner agrees that the recited consideration constitutes full payment for all present and future surface damages that may normally occur to the Property as a result of KM's reasonable operations.
2. Re-Seeding of Disturbed Areas. KM shall comply with the Colorado Oil and Gas Conservation Commission ("COGCC") Rules and Regulations ("Rules") 1003 and 1004.
3. Landowner Use of Drillsite. KM will have exclusive and full use of the Drillsite, as defined below, at all times. Landowner shall not use the Drillsite for storage, access or any other purpose.
4. Cuttings, Storage Areas and Pits. The requirements of COGCC Rules 902, 904 and 905, as amended from time to time, shall be followed by KM.



5. Setback Regulations. KM will comply with all valid and applicable local, state and federal laws, rules and regulations pertaining to distance setbacks between the Well and Landowner's existing home and any other habitable structures on the Property.
6. Setback of Future Buildings from KM Well Facilities. Landowner agrees to comply with all valid and applicable local, state and federal laws, rules and regulations pertaining to distance setbacks between the Well and Well facilities, and any future homes and other habitable structures constructed or located on the Property.
7. 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 KM of the information brochure for surface owners described in the COGCC Rules. Landowner acknowledges and agrees that KM 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 SUA.
8. Landowner Use of Property. Landowner expressly acknowledges that the terms of this SUA shall be deemed to fully satisfy any obligation of KM to accommodate, whether under statute or common law, Landowner's use of the surface of the Property, existing or future.

B. Matters Pertaining to KM:

1. Drillsite. KM will use only as much of the surface of the Property as is reasonably necessary for the on-going operation of the Well and associated facilities. KM estimates that the surface area that will actually be used on an on-going basis for the drill site of the Well ("Drillsite") will be approximately 6.29 acres. This acreage estimate does not include areas temporarily disturbed during construction, repair, work over and other similar activities.
2. Excess Material. KM may store material (e.g., soil and gravel) excavated from the Property on the Drillsite to be used for construction and/or reclamation of the Drillsite. KM also may import material from off of the Property for construction and reclamation of the Drillsite. After constructing the Drillsite, should KM determine that there is material in excess of what is required for reclamation and which can reasonably be stored on the Drillsite, then KM may deliver said excess material to a location on the Property that is mutually acceptable to KM and Landowner. Any such excess material so delivered shall become the sole responsibility of Landowner, and KM shall have no further responsibility for said excess material. Should a mutually acceptable location on the Property not be found, then KM may remove such excess material from the Property; provided that KM shall make a reasonable attempt to minimize the amount of excess material that it removes from the Property.
3. Firewood. Should KM cut down or trim any trees on the Property during its operations and should Landowner so request in writing, KM 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 KM deems appropriate for Landowner's use. In KM'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 KM deems appropriate. Firewood will not in any case be split for the Landowner. KM will not be responsible for the theft of any firewood. 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 KM deems appropriate.

4. Survey Plats. Upon Landowner's request in writing, KM will provide to Landowner a copy of any survey plat obtained by KM depicting the Drillsite or any access roads, pipelines or facilities on the Property.
5. Recording of Agreement. KM may record this Agreement in the County real estate records. KM 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. The recording of such declarations, and any amendments, will serve for all purposes to locate and describe the Drillsite, access roads, pipelines or other referenced Well facilities.
6. Maintenance and Repair of Access Roads. KM will reasonably maintain any existing roads that are used by KM on the Property to at least their pre-existing condition. KM will maintain any new roads that may be constructed by KM on the Property to KM's standards. KM will make all necessary repairs to the roads caused by KM's use. However, KM will not be required to snow plow or otherwise clear any road of snow.
7. Burial of Pipelines. KM will, to the extent reasonably practicable, bury all water, oil 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. Noise Abatement. KM will comply with COGCC Rule 802 concerning noise abatement and will install sound walls, mufflers and/or other devices, if necessary, to comply with said Rule.
9. 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 KM will not use for continuing production operations will be reclaimed as described in Article A.2, above. Reclamation will be performed within a reasonable amount of time after completion and first delivery of the Well or construction of any associated facilities, recognizing practical limitations of weather and season. KM does not guaranty seed germination.
 - b. Subsequent Surface Disturbance. All subsequent disturbances by KM to areas reclaimed under the preceding paragraph will be similarly reclaimed by KM within a reasonable amount of time, recognizing practical limitations of weather and season. KM will make a reasonable attempt to notify Landowner in advance

of any significant subsequent disturbance activities on the Property, including but not limited to, Well servicing, Well re-drill, and pipeline repairs, with the exception of emergency repairs or situations.

- c. Final Abandonment. Any areas disturbed by KM, and which are required to be reclaimed, will be reclaimed by KM in accordance with applicable laws, rules and regulations as set forth in Article A.2, above, unless Landowner desires that the roads and Drillsite remain in their then present condition and regulatory approval for same is obtained.
12. Indemnification. KM agrees to indemnify, defend and hold Landowner harmless from and against any and all expenses, losses or damages resulting from or relating to KM's operation and maintenance of the Well, facilities, access roads and pipelines; provided, however, KM will not indemnify, defend and hold Landowner harmless from such expenses, losses or damages to the extent resulting from or relating to, in whole or in part, the negligence or willful misconduct of Landowner or Landowner's employees, contractors, guests or invitees.
13. Compliance with the Law. KM will comply with all applicable laws, rules and regulations.
14. Temporary Parking. Landowner agrees that during times of construction or other significant work, KM may park vehicles in areas near the work site or along roads.

C. General Provisions:

1. Term. This SUA is effective as of the Effective Date and will continue until (i) all oil and gas leases underlying the Unit expire, (ii) production from the Well and any additional wells producing from the Unit have permanently ceased and are permanently plugged and abandoned, (iii) any compressor on the Property is no longer being used and (iv) any Salt Water Disposal well in the Unit has ceased being used and is plugged and abandoned. After expiration, KM will have a reasonable period of time within which to remove such Well equipment and facilities from the Property as it deems appropriate or as required by applicable rules, regulations or laws.
2. No Waiver of Other Rights. With the exception of those duties and obligations that each Party has specifically agreed to assume and perform in this SUA, those duties and obligations which have been confirmed or clarified in this SUA and the rights specifically granted to, waived or relinquished by a Party in this SUA, this SUA will not be construed to waive or relinquish any Party's legal rights in, to or under the Property, including but not limited to rights of ingress or egress, access or other reasonable surface use, now owned or hereafter acquired by a Party under any oil and gas lease or other agreement or instrument pertaining to the Property. Nor does this SUA, subject to the foregoing exceptions, waive the rights of either Party under any applicable laws, rules or regulations pertaining to the Property.
3. No Application to Other Wells. The rights, duties and obligations of the Parties and other confirmatory or clarifying matters regarding the Well and its related facilities in this SUA pertain only to the Well, except that roads, pipelines and facilities may be utilized for

other wells. This SUA is not intended to, and will not be interpreted to, apply to any other well that may now be located or hereafter be drilled within the Unit, whether or not located on the Property. Each Party retains all of his/her/its legal rights with respect to such other well or wells, including, but not limited to, those legal rights referenced in the preceding paragraph.

4. Successors and Assigns. This SUA will be binding upon and inure to the benefit of the Parties and their respective heirs, successors and assigns. In addition, KM and its successor Well Operator may assign this SUA to successive Operators of the Well. Assignment of this SUA by either Party will act to terminate the assigning Party's duties, obligations and liabilities under this SUA from and after the date that the non-assigning Party receives a true copy of the assignment, with the exception of any indemnity or monetary obligations accruing prior to such date.
5. Applicable Law. This SUA will be interpreted under the laws of the state of Colorado.
6. Entire Agreement. This SUA contains the final agreement, clarifications and confirmations of the Parties as to the matters addressed, and supersedes any and all prior oral or written negotiations, understandings and agreements regarding the Well and its related facilities, roads and pipelines. This SUA may not be modified unless the modification is in writing and is signed by Landowner and an authorized representative of KM.
7. Further Assurance. The Parties agree, at any time and from time to time, upon the reasonable request of either Party and without additional consideration, to take or do all such further acts and things, and furnish and deliver all such further documentation and material (including any document or instrument requested by local, state or federal authorities) which, in the opinion of the requesting Party, may be necessary or useful in carrying out the purposes of this SUA.
8. Regulatory Conditions. If KM is required by any regulatory agency as a condition of approval to either change the location of the well to be drilled or the configuration of the Drillsite, KM reserves the right to unilaterally amend the SUA to conform to the new location(s) and/or configuration(s) as approved by the regulatory agency.
9. Counterparts. This SUA may be executed in two or more original counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.
10. Letter Agreement. This SUA subject to the terms of a Letter Agreement dated October 14, 2014, by and between Landowner and KM.

This SUA is executed by the Parties on the dates appearing in the acknowledgements below, but this SUA effective as of the Effective Date.

**KINDER MORGAN CO₂ COMPANY, L.P. ,
a Texas Limited Partnership**

By: [Signature]
S. Paul Nunley, Attorney-in-Fact [Signature]

Landowner:

The Thomas W. and Ima Jean Pedigo Revocable Living Trust, dated March 9, 2006

By: Thomas W. & Ima Jean Pedigo By: _____

Name: Ima J. Pedigo Name: _____

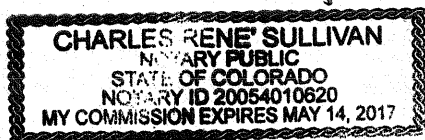
Title: Trustee Title: Trustee

STATE OF COLORADO)
) SS
COUNTY OF MONTUZUMA

SUBSCRIBED AND SWORN TO before me this 14th day of October, 2014, by Ima Jean Pedigo, as Trustee(s) of The Thomas W. and Ima Jean Pedigo Revocable Living Trust, dated March 9, 2006.

My commission expires: May 14th 2017

[SEAL]



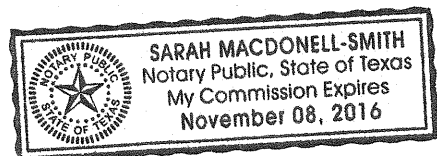
[Signature]
Notary Public
Address: P.O. Box 1020
San Juan Co
81137

STATE OF TEXAS)
) SS
COUNTY OF HARRIS

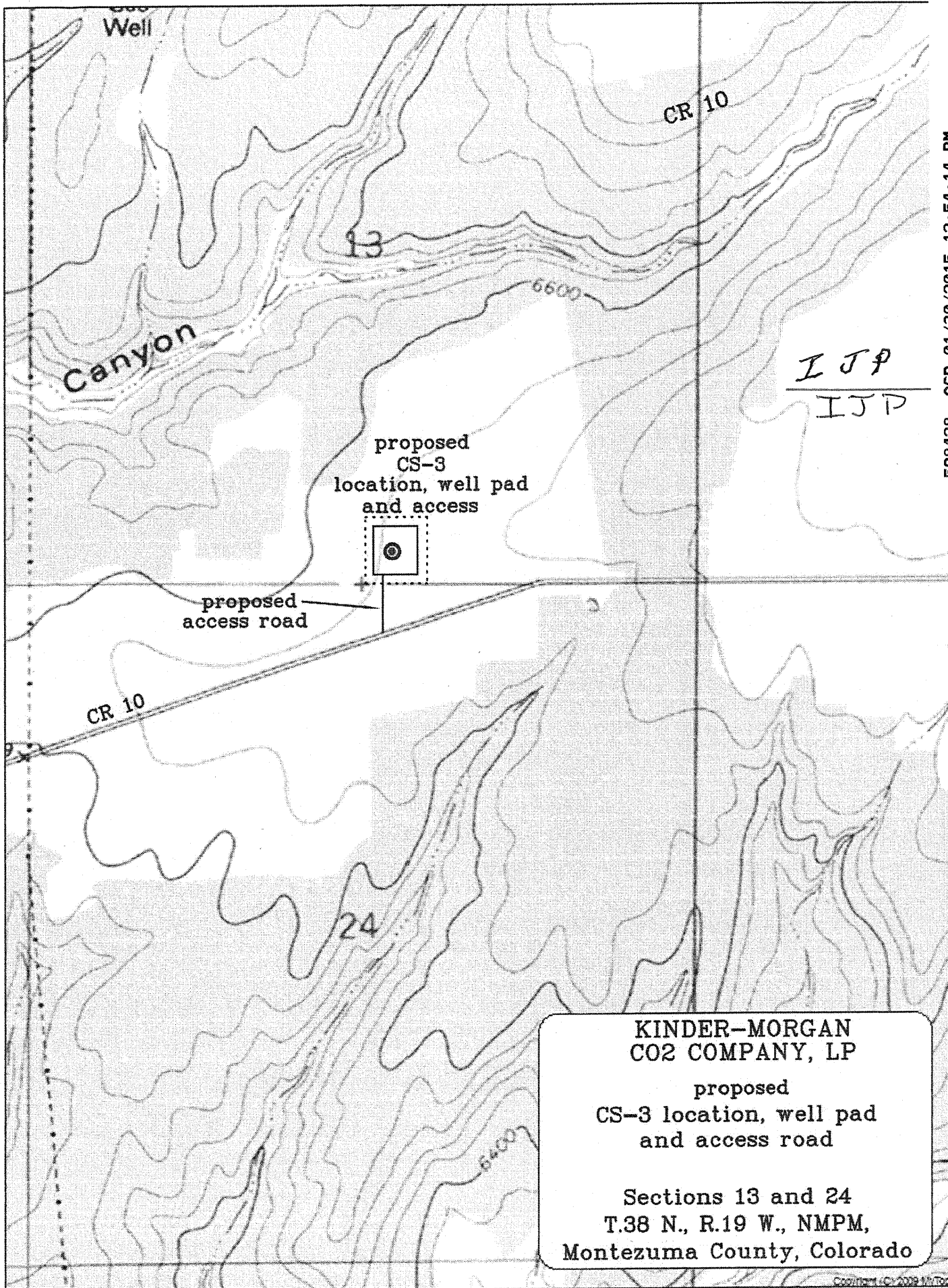
Subscribed and acknowledged to before me this 17th day of November, 2014, by S. Paul Nunley, Attorney-in-Fact for Kinder Morgan CO₂ Company, L.P., a Texas Limited Partnership.

My commission expires: 11-8-16

[Seal]



[Signature]
Notary Public, State of Texas
Address: Harris Co, TX



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Kim Percell Clerk/Recorder, Montezuma County, Co



**KINDER-MORGAN
CO2 COMPANY, LP**

proposed
CS-3 location, well pad
and access road

Sections 13 and 24
T.38 N., R.19 W., NMPM,
Montezuma County, Colorado

LINE DESCRIPTION TABLE

L1 N 21°01' 11" W 418.34' (tie)
 L2 NORTH 460.51'
 L3 S 64°59' 10" W 165.58' (tie)

R.19 W.

R.18 W.

T.38 N.

1/4

S 13

S 18

Basis of Bearing:

N 89°57' 45" W between the fnd. S 1/4 Cor. and the calc. SE Cor. by fnd. RMs, of Section 13 as shown. Assumed from GPS True North.



0' 1000'

Scale: 1" = 1000'

U.S. Survey Feet

✕ fnd. stnd. GLO brass cap monument

⬢ fnd. stnd. BLM aluminum cap reference markers

□ survey centerline PI

Section 13
70.11 L.F.

proposed
CS-3 location
and access road

L3 (tie) 4+60.51 = EOR
at proposed
well pad

RM 47.5'
Northwesterly

RM 41.0'
Northeasterly

1/4

S 13

S 24

N 89°57' 45" W 2648.37'
Basis of Bearing

S 13

S 18

S 24

L1 (tie)

0+00 = BOR

Section 24
390.40 L.F.

CR 10

LEGAL DESCRIPTION - 60 Foot Right of Way and Easement

A 60 foot wide right of way and easement lying 30 feet each side of the following centerline description contained in the SE/4 of Section 13 and the NE/4 of Section 24, T.38 N., R.19 W., NMPM, Montezuma County, Colorado:

Beginning at a point on the North R-O-W line of CR 10, from which point the N 1/4 Corner of said Section 24 bears N 21°01' 11" W a distance of 418.34 feet; thence North a distance of 460.51 feet to a point on the proposed CS-3 well pad and the end of said right of way and easement, from which point the S 1/4 Corner of said Section 13 bears S 64°59' 10" W a distance of 165.58 feet. SUBJECT TO all easements of record or prescriptive.

IJP
IJP

NOTICE:

According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover such defect. In no event may any action based upon any defect in this survey be commenced more than ten years from the date of certification shown hereon.



KINDER-MORGAN CO2 COMPANY, LP

Proposed CS-3 right of way and easement -

Pedigo
Sections 13 and 24,
T.38 N., R.19 W., NMPM,
Montezuma County, Colorado

10 November, 2013

HUDDLESTON LAND SURVEYING

P.O. DRAWER KK / CORTEZ, CO 81321 / (970) 565-3330

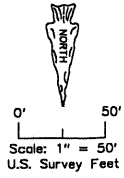
KNOW ALL MEN BY THESE PRESENTS that I, GERALD G. HUDDLESTON, do hereby certify that this plat was prepared from field notes of an actual survey made by me or under my supervision and that the same is true and accurate to the best of my knowledge and belief.

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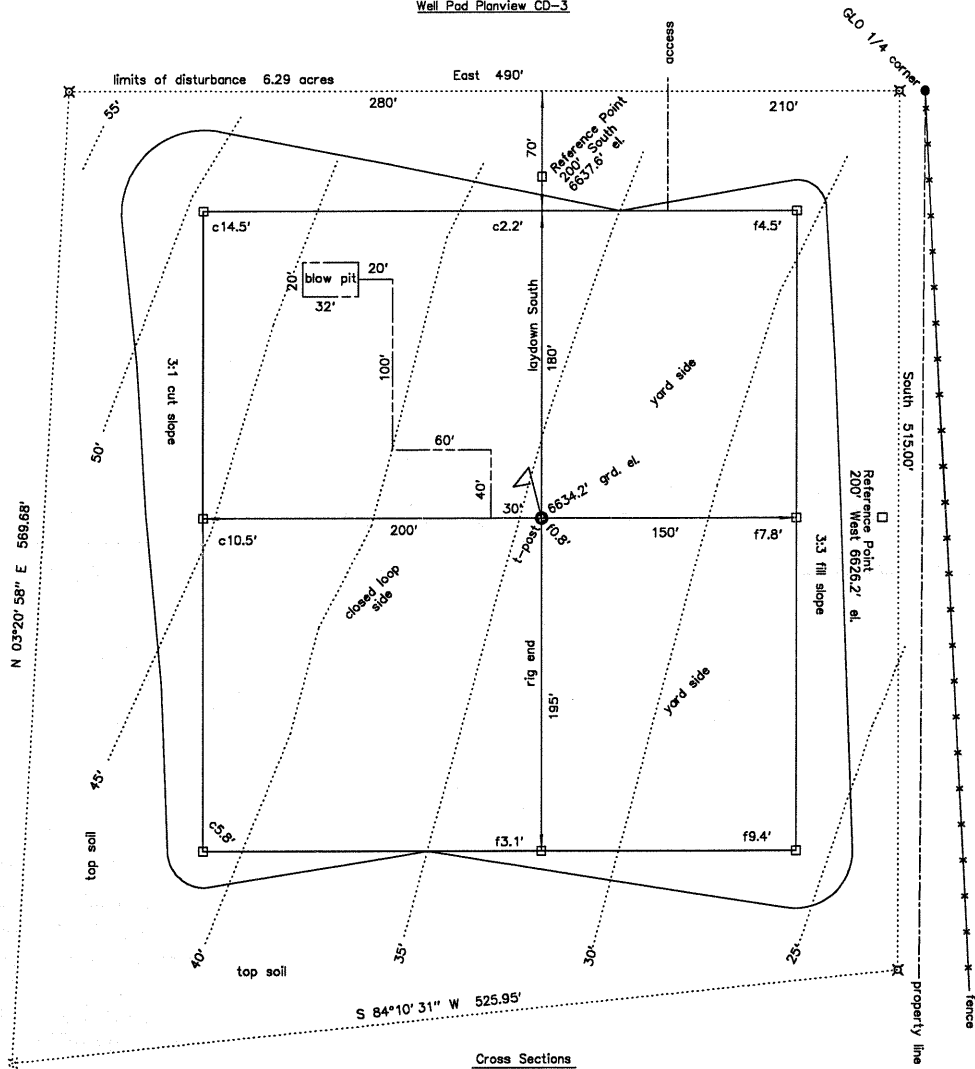
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Kim Percell Clerk/Recorder, Montezuma County, Co

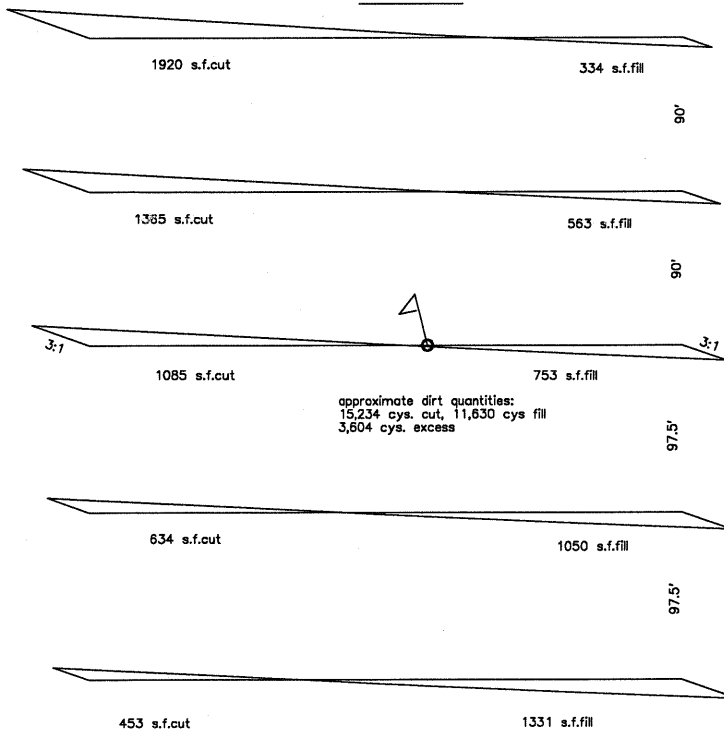
Well Pod Planview CD-3



- t-post/location
- lath/pin flag
- ✕ U-post/lath



Cross Sections



approximate dirt quantities:
15,234 cys. cut, 11,630 cys. fill
3,604 cys. excess

IJP
IJP

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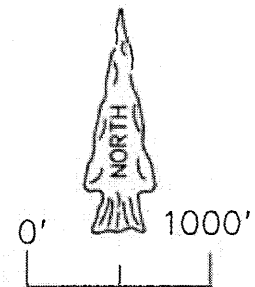
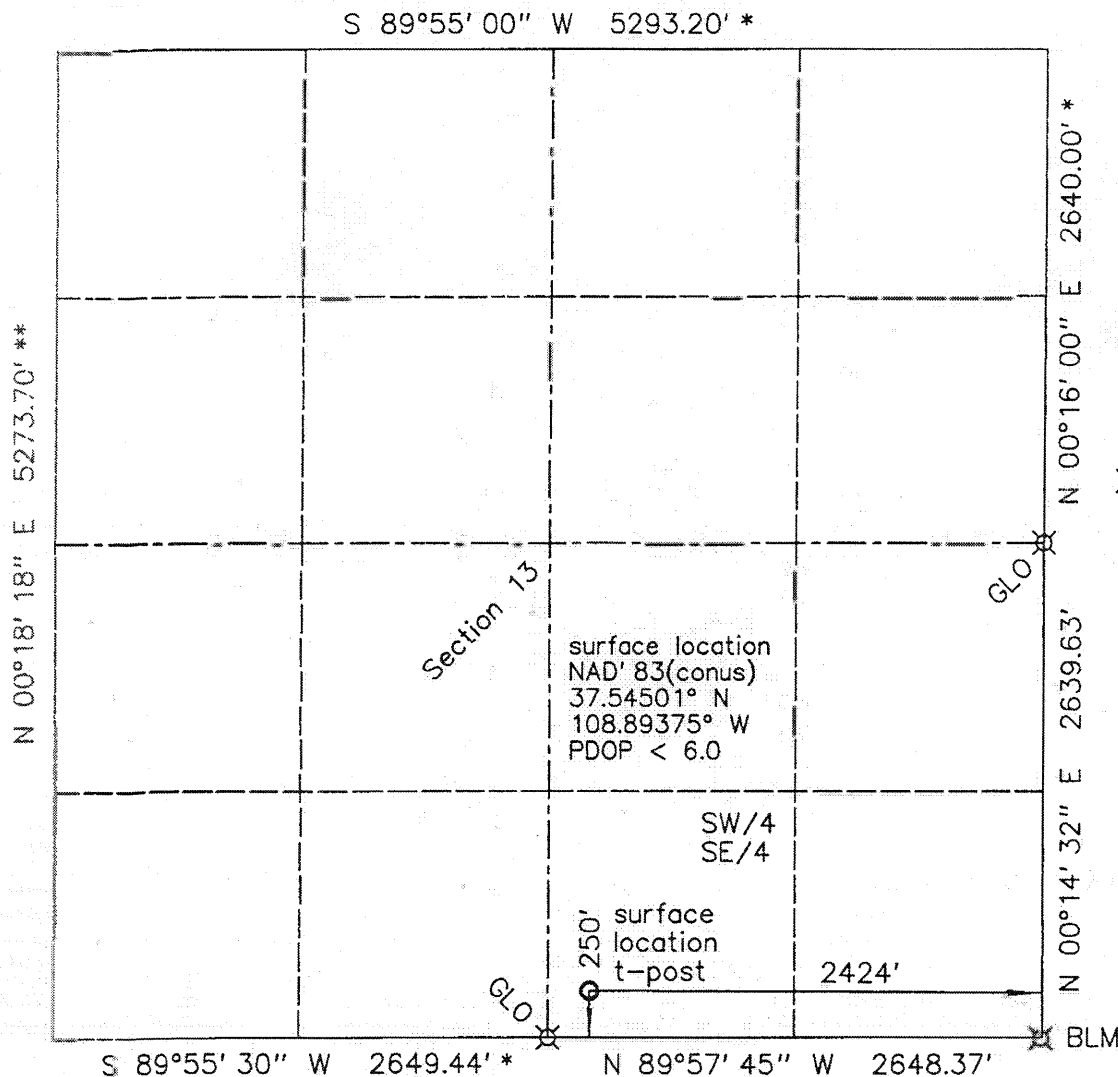
Kim Percell Clerk/Recorder, Montezuma County, Co

Kinder Morgan CO2

CD-3 Well pod & cross sections
Section 13, T.38 N., R.19 W.,
Montezuma County, CO

10/17/2013
07/14/2014

HIDDLESTON LAND SURVEYING
P.O. Box KK - Cortez, CO 81321 - (970) 565-3330



Scale: 1" = 1000'
 Basis of bearing is assumed from GPS True North as shown.

- ✕ standard monument
- set standard monument
- * from record plat
- ** calculated

IJP
 IJP

KINDER MORGAN CO2 COMPANY, LP
 CD-3

250' FSL & 2424' FEL (surface location)
 Section 13, T.38 N., R.19 W., NMPM
 6634.2' grd. el. NAVD '88 (from OPUS)
 Montezuma County, CO

Notes:

- 1) Distances/dimensions are perpendicular to section/aliquot lines.
- 2) Surface use is dry land farming.
- 3) GPS was corrected with OPUS, GPS operator was R.J. Caffey, CO LS 36562.
- 4) There are no buildings within 1000 feet, there is a county road at 540 feet. No utility spot was conducted.



KNOW ALL MEN BY THESE PRESENTS that I, GERALD G. HUDDLESTON, do hereby certify that this plat was prepared from field notes of an actual survey made by me or under my supervision and that the same is true and accurate to the best of my knowledge and belief.

date of survey : 10/17/2013
 date of plat : 11/10/2013,
 07/14/2014 & 01/13/2015