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BOOK 2648 PAGE 598

WILLIAM S. BURL  
COUNTY RECORDER  
ABRAMS COUNTY, COLO.

JUN 1 8 00 AM '62

## SURFACE OWNER'S AGREEMENT

THOMAS H. BRADBURY, a married man, of Byers, Colorado (hereinafter for convenience called "Land Owner"), COLORADO SPRINGS PRODUCTION CREDIT ASSOCIATION, a Colorado Corporation, with offices in Colorado Springs, Colorado (hereinafter for convenience called "Beneficiary")

~~XX~~  
 CHAMPLIN PETROLEUM COMPANY (hereinafter for convenience  
 called "Champlin");

W I T N E S S E T H:

**RECITALS:**

Land Owner is the owner of the following-described premises, hereinafter referred to as "described premises":

The South Half (S½) and Northwest Quarter (NW¼) of Section Thirteen (13), Township Two (2) South, Range Sixty (60) West of The Sixth Principal Meridian, Adams County, Colorado.

SUBJECT, however, to exceptions and reservations of minerals and rights of entry and of surface use contained in a certain deed or deeds of conveyance, as follows: Warranty Deed No. 1863, dated February 28, 1907, from The Union Pacific Land Company to The Heirs at Law of Charles C. Bramkamp, recorded April 3, 1907, in Book 25 at Page 174 in the office of the County Clerk and Recorder of Adams County, Colorado.

Champlin is successor in interest to all the right, title and interest of Union Pacific Railroad Company in and to the oil, gas and associated liquid hydrocarbons in said premises for a term or period equal to or exceeding the term of this Surface Owner's Agreement.

Champlin proposes for Champlin or its agents, lessees, licensees, successors or assigns to prospect upon and explore the described premises for the development and production of oil, gas and associated liquid hydrocarbon substances either on Champlin's behalf or under or pursuant to an oil and gas lease or license, or under or pursuant to a "unitization agreement", meaning here and wherever that term is used herein any operating agreement, or any other agreement covering the exploration or development for or the production of oil, gas or associated liquid hydrocarbons, or any pooling, communitization, unit or other agreement whereby the described premises may be included with other lands in proximity thereto as a unit area under a plan of unit or joint exploration, development and operation.

Besides confirming the surface uses expressly set forth below, this agreement is intended to avoid and resolve any and all disputes of whatever nature in connection with the ownership of oil, gas and associated liquid hydrocarbon substances in the described premises, including rights to extract, remove or market such minerals, and including any such dispute that may arise hereafter, whether or not the basis for such dispute is now known or has been identified in disputes involving exceptions and reservations of minerals in other deeds from Union Pacific Railroad Company or its predecessors.

**AGREEMENT:**

NOW, THEREFORE, it is agreed as follows:

Section 1. In consideration of the mutual benefits and of the sum of Ten Dollars (\$10) paid by Champlin to Land Owner, receipt whereof is hereby acknowledged, Land Owner hereby confirms, extends and grants to Champlin, its agents, lessees, licensees, successors and assigns, including any operator or unit operator from time to time in charge of operations under a unitization agreement, and their respective

successors and assigns, the easements and rights to enter upon the described premises and to extract, remove, store, transport, and market for its or their account oil, gas, and associated liquid hydrocarbon substances, and to drill, construct, maintain and use upon, within, and over said premises all oil wells, gas wells, derricks, machinery, tanks, drips, boilers, engines, pipe, power and telephone lines, roadways, water wells, and, without limitation by reason of the foregoing enumeration, any and all other structures, equipment, fixtures, appurtenances, or facilities (all the above being included under the term "facilities") necessary or convenient in prospecting and developing for, producing, storing, transporting, and marketing oil, gas, and associated liquid hydrocarbon substances under or produced from any portion of the described premises or under or produced from any portion of the unit area created under a unitization agreement, together with the right to remove said facilities and the right to use such water as may be needed from the described premises, not including water from Land Owner's wells.

Section 2. Champlin agrees, so long as it is receiving oil and/or gas production from or oil and/or gas royalties upon production from the described premises or allocated thereto under the provisions of a unitization agreement, to pay or cause to be paid to the Land Owner in cash the value on the premises of two and one-half percent (2-1/2%) of all the oil and gas and associated liquid hydrocarbons hereafter produced, saved, and marketed therefrom or allocated thereto as aforesaid, except oil and gas and associated liquid hydrocarbons used in operations on the premises or used under the unitization agreement, and except that as to casinghead gasoline and other products manufactured from gas there shall be deducted the cost of manufacture; provided, however, that during any time the described premises or any portion thereof are included within the boundaries of a participating, pooled, or communitized area, and there is no provision for the payment of royalties to Champlin but it participates in the production from the pooled, communitized, or unit area as a working interest owner, then the two and one-half percent (2-1/2%) above set forth shall be applied to that percentage of the total production from such area which is allocated to the described premises.

When production of oil from lands under several surface ownerships is commingled in one central tank setting for practical operating reasons, periodic individual well tests may be made to compute the quantities of commingled oil properly allocable to each well, and the two and one-half percent (2-1/2%) payment provided herein shall be payable upon the quantities apportioned to each well as reported to Champlin in full satisfaction of the obligations of Champlin under this Section 2.

Section 2½. Beneficiary, as the holder of a promissory note given by Thomas H. Bradbury and Margaret E. Bradbury and Live-water Enterprises, payment of which is secured by that certain deed of trust dated May 1, 1980, in favor of Beneficiary, recorded on May 8, 1980 in Book 2454 at Page 424 in the office of the Clerk and Recorder of Adams County, Colorado hereby subjects and subordinates said deed of trust to the rights granted to Champlin, its agents, lessees, licensees, successors, and assigns under Section 1 of this agreement.

Land Owner hereby assigns, transfers and sets over to Beneficiary all payments and other rights and benefits which may be paid or become payable to the Land Owner under and by virtue of this agreement. Beneficiary authorizes Champlin to pay any and all such payments to Land Owner until Champlin is notified in writing by Beneficiary to make all such payments directly to Beneficiary in the event of default by Land Owner; and Champlin agrees to make all such payments hereunder to Beneficiary when notified in writing by Beneficiary to do so.

It is agreed that all money payments which may become due under and by virtue of this agreement shall, upon notice as aforesaid, be paid by Champlin to Beneficiary, to be applied as advance payment of the principal obligation under the promissory note secured by the aforementioned deed of trust, but shall not defer the due date of any installment provided for in said deed of trust, until such time as said principal obligation is paid in full, and thereafter such payments shall be made to Land Owner.

Section 3. Nothing herein contained shall be construed as a covenant to drill by Champlin, its agents, lessees, licensees, successors, or assigns, or by any operator or unit operator, or as a grant to Land Owner of oil or gas rights or rights in other associated liquid hydrocarbons.

Section 4. Champlin, its agents, lessees, licensees, successors and assigns, including the operator or unit operator under a unitization agreement, shall be required: (a) to pay for all damage to Land Owner's lands, buildings, and growing crops caused by the erection or construction of facilities to be used in connection with oil or gas or associated liquid hydrocarbon operations; (b) to bury all pipe lines below plow depth where such lines cross cultivated land; and (c) to construct gates or, at its option, install cattle guards where necessary for crossing fenced land in connection with exploration, development, or producing operations and, where an election has been made to construct gates in lieu of cattle guards, to keep such gates in repair and closed.

Section 5. Other than the payments to be made as aforesaid, the Land Owner shall not be entitled to any other or additional payments as a result of the conduct of the operations described in Section 1 hereof, and Land Owner will claim no right, title or interest in or to the oil, gas, and associated liquid hydrocarbon substances in the described premises.

Section 6. Subject to the provisions of Section 8 hereof, it is agreed that the covenants to pay the sums provided in Sections 2 and 4 hereof shall be covenants running with the surface ownership of the described premises and shall not be held or transferred separately therefrom, and any sums payable under this agreement shall be paid to the person or persons owning the surface of the described premises as of the date the oil or gas or associated liquid hydrocarbon production is marketed. Champlin shall not, however, become obligated to make such payments to any subsequent purchaser of the described premises and shall continue to make such payments to the Land Owner until the first day of the month following the receipt by Champlin of notice of change of ownership, consisting of the original or certified copies of the instrument or instruments constituting a complete chain of title from the Land Owner to the party claiming such ownership, and then only as to payments thereafter made.

Section 7. The easements, rights, and uses herein shall be binding upon the described premises and each and

every part thereof, and the present and future owners thereof, and shall continue for the benefit of Champlin and its successors and assigns, as owners of the oil and/or gas and/or associated liquid hydrocarbon rights in the described premises and each and every part thereof, and their agents, lessees, licensees, successors, and assigns, including any operator or unit operator, and for the benefit of other lands within any unit area within which the described premises, or any portion thereof may be included, and each and every part thereof.

Section 8. This agreement shall be in full force and effect from and after execution and delivery and shall continue in full force and effect for a period of one (1) year and so long thereafter as the oil and gas rights in the described premises are committed to an oil and gas lease or license or to a unitization agreement, or so long as a well capable of producing oil or gas or associated liquid hydrocarbons is located upon the described premises, or drilling or reworking operations are being conducted thereon, and, upon termination of such lease, license, or unitization agreement, or upon abandonment of such well, or upon cessation of such drilling or reworking operations, whichever last occurs, this agreement shall terminate; provided, however, that such termination shall neither affect nor terminate the rights, expressed or implied, in the deed or deeds referred to in the Recitals hereof.

Section 9. Subject to the provisions of Sections 6 and 8 hereof, this agreement shall inure to the

benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

CHAMPLIN PETROLEUM COMPANY

By R. C. Palmer  
Attorney in Fact

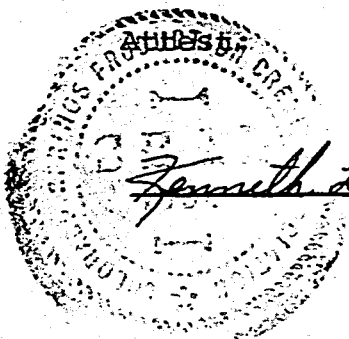
Witness/~~Attest~~:

Thomas H. Bradbury  
THOMAS H. BRADBURY - Land Owner

522-44-1130

Social Security or  
Tax Identification Number  
COLORADO SPRINGS PRODUCTION CREDIT  
ASSOCIATION - Beneficiary

By Edward E. Doolin  
President



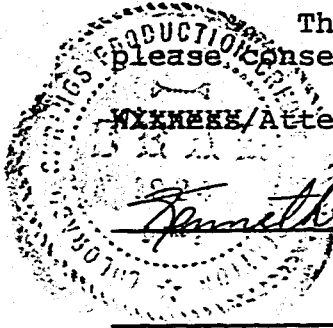
Kenneth L. Haggard  
Secretary

84-0403963

Social Security or  
Tax Identification Number

CONSENT OF PUBLIC TRUSTEE

The Public Trustee of Adams County, Colorado, will please consent to and join in the foregoing agreement.



WITNESSES/Attest:

COLORADO SPRINGS PRODUCTION CREDIT ASSOCIATION - Beneficiary

Samuel L. Heyard  
Secretary

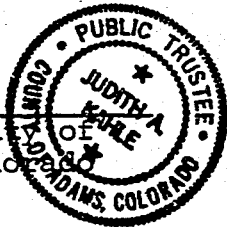
By Ernest E. Durbini  
President

As Public Trustee in and for the County of Adams, State of Colorado, at the request of the present owner of the indebtedness and holder of the note secured by deed of trust dated May 1, 1980 to the Public Trustee of the County of Adams and State of Colorado, recorded in Book 2454 at Page 424 of the records in the office of the Clerk and Recorder of Adams County, Colorado, I do hereby consent to the above and foregoing agreement to the extent that said land is affected by said deed of trust.

Witness:

\_\_\_\_\_

Judith A. Kahle  
Public Trustee of the County of  
Adams and State of Colorado



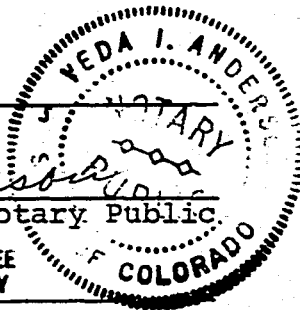
STATE OF COLORADO )  
                                  ) ss  
COUNTY OF ADAMS )

The foregoing instrument was acknowledged before me this 16th day of March, 1982, by Judith A. Kahle as Public Trustee of Adams County, Colorado.

Witness my hand and official seal.

My commission expires 10-1-83

Veda I. Anderson  
Notary Public



Residing at PUBLIC TRUSTEE  
ADAMS COUNTY  
22 SO. 4th  
BRIGHTON, CO 80601

(SEAL)

INDIVIDUAL ACKNOWLEDGMENT

State of Colorado )  
County of Arapahoe ) ss

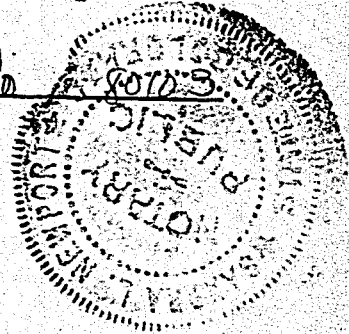
On this 22<sup>nd</sup> day of February, 1982,  
before me personally appeared THOMAS H. BRADBURY  
to me known to be the person described in and who executed the  
foregoing instrument, and acknowledged that he executed the same  
as his free act and deed.

My Commission expires \_\_\_\_\_

My Commission expires Jan. 30, 1983

Sandra L. Newport  
Notary Public

Residing at Box 523  
Dyers, Colo



## CORPORATE ACKNOWLEDGMENT

State of Colorado )  
County of El Paso ) ss

On this 25th day of February, 19 82, before me, a Notary Public in and for said County, in the State aforesaid, personally appeared Ernest E. Devlin, to me personally known, and to me personally known to be the President of COLORADO SPRINGS PRODUCTION CREDIT ASSOCIATION and to be the same person whose name is subscribed to the foregoing instrument, and who, being by me duly sworn, did say that he is the President of said Company; that the seal affixed to said instrument is the corporate seal of said Corporation, and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors; and the said Ernest E. Devlin acknowledged said instrument to be his free and voluntary act and deed, and the free and voluntary act and deed of said Corporation by it voluntarily executed, for the uses specified therein.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year above written.

My commission expires June 9, 1983

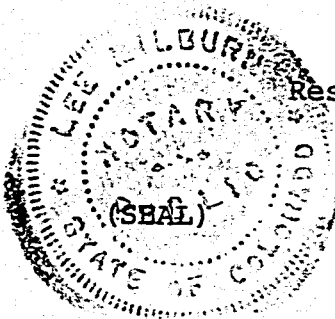
Lee Milburn  
Lee Milburn

Notary Public

Residing at:

3350 Portal Drive, West - #303

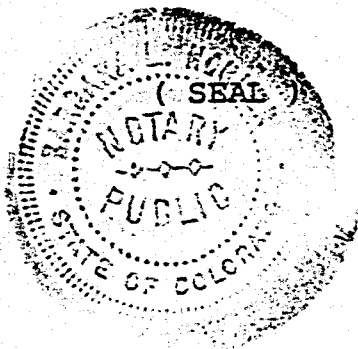
Colorado Springs, Colorado 80909



Attorney in Fact - Corporate Acknowledgment

State of COLORADO )  
County of Arapahoe ) ss

The foregoing instrument was acknowledged before me this 2nd day of April, 1982, by R. C. Palmer, an Attorney in Fact of Champlin Petroleum Company, a Delaware corporation, on behalf of the corporation.



Barbara R. Spener  
Notary Public

5800 South Quebec Street  
Englewood, CO 80111

My Commission expires April 18, 1983