

BOOK **949** RECEPTION **1871431** DATE **1981** TIME **10:00 am** Rev. 8-16-71
MARY ANN FEUERSTEIN, Clerk and Recorder, Weld County, Colorado

CPA - 193

DUPLICATE ORIGINAL
CHAMPLIN COPY

SURFACE OWNER'S AGREEMENT

THIS AGREEMENT, made and entered into this 27
day of August, 1981, by and between

JAMES JOSEPH BRNAK, a married man of Keenesburg, Colorado

(hereinafter for convenience called the "Land Owner"), and 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 (S $\frac{1}{2}$) of Section Thirty-one (31), Township
One (1) North, Range Sixty-three (63) West of the Sixth
Principal Meridian, Weld 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. 2599, dated August 25, 1908, from The Union Pacific Land Company to The Western Land Company, recorded September 18, 1908, in Book 233, at Page 163, in the office of the County Clerk and Recorder of Weld County, Colorado.

Union Pacific Railroad Company was successor in interest to The Union Pacific Land Company.

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.

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 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, ~~and all other structures~~, 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 remove said facilities~~ *JB*

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 (2½%) 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, (to which inclusion Land Owner expressly consents) 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 (2½%) 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 (2½%) 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 3. Should the described premises or any portion thereof at any time be committed to a unitization agreement, the operator or unit operator under such agreement may exercise the rights granted under Section 1 hereof during the period ending with the fifth calendar year following the date of this agreement without compensation to the Land Owner other than payment as above provided, but after said period if such operator shall install or maintain any facilities other than pipe or pole lines upon the described premises during any calendar year, it shall pay Land Owner One Dollar (\$1.00) per acre for the acreage used during any part of that calendar year, if such use substantially deprives the Land Owner of the use of such acreage. The above amount of One Dollar (\$1.00) per acre shall be subject to upward revision upon a showing by the Land Owner that the land involved has theretofore earned and is capable of earning a greater sum per acre.

Section 4. 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 5. 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 6. 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 operations upon the described premises.

Section 7. Subject to the provisions of Section 9 hereof, it is agreed that the covenants to pay the sums provided in Sections 2, 3, and 5 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 8. 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 the present or future 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 9. 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 10. Subject to the provisions of Sections 7 and 9 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

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agreement as of the day and year first above written.

CHAMPLIN PETROLEUM COMPANY

By R C Pelme
Attorney in FactWitness/~~XXXX~~:James Joseph Brnak
JAMES JOSEPH BRNAK - Land Owner522-48-9665
Social Security or
Tax Identification Number

INDIVIDUAL ACKNOWLEDGMENT

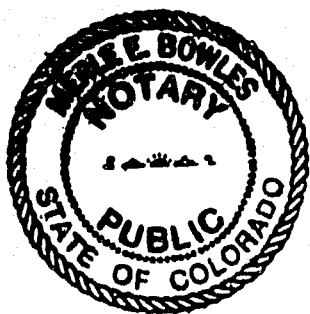
State of Colorado)
County of Weld) ss

On this 27th day of August, 1981,
before me personally appeared JAMES JOSEPH BRNAK
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 8-8-83

Merle E. Bowles
Notary Public

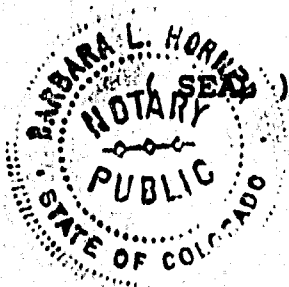
Residing at Keenesburg, Colorado



Attorney in Fact - Corporate Acknowledgment

State of COLORADO)
County of Arapahoe) ss

The foregoing instrument was acknowledged before me this 11th day of September, 19 81, by P.C. Palmer, an Attorney in Fact of Champlin Petroleum Company, a Delaware corporation, on behalf of the corporation.



Barbara L. Horner
Notary Public

My Commission expires April 18, 1983