

SURFACE USE AND DAMAGE AGREEMENT

This Surface Use and Damage Agreement (the "Agreement") is made and entered into this 13th day of November, 2019 by and between Chandler Creek Co's., whose address is P O Box 370286, Denver, Colorado 80237 ("Surface Owner"), and AusCo Petroleum, Inc., whose address is 113 N Santa Fe Ave., Florence, Colorado 81226 ("Operator").

RECITALS:

A. Operator owns leasehold interests in an oil and gas lease(s) (the "Lease") covering the following described lands located in Fremont County, Colorado (the "Lands"):

Township 19 South, Range 70 West, 6th P. M.

Section 35: SE/NW

B. Surface Owner owns the surface estate in the Lands.

C. By virtue of the Lease, Operator has the right to enter upon and use the Lands for the purpose of exploring for, developing, producing and marketing hydrocarbons. This right includes, but is not limited to, the ability to (i) locate, drill, complete, operate, and maintain wells on the Lands, (ii) to construct and operate access roads, construct and operate hydrocarbon pipelines and water pipelines, and construct and operate power lines, and (iii) to construct and operate equipment such as compressors, blowers and metering equipment related to the operation of the wells.

D. Prior to Operator commencing operations on the Lands, Operator and Surface Owner wish to address certain issues with respect to use of existing roads, damages and usage. Surface Owner requests that Operator, to the best of their ability, use existing road and surface disturbance areas.

AGREEMENT

In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Surface Owner and Operator agree as follows:

1. **Notification of Entry.** Prior to entry on the Lands for staking, surveying, and the commencement of drilling operations, Operator (or its agents or contractors) will notify Surface Owner of the upcoming entry. This prior notification need not be given by Operator (or its agents or contractors) in connection with entries related to continuing drilling or other operations or routine monitoring or production operations or maintenance work related to the wells and all related equipment and facilities.

2. **Payments.** Operator shall pay to Surface Owner as liquidated damages and in full settlement and satisfaction of the damages resulting from the following:

a. **Stratigraphic Test.** [REDACTED] per stratigraphic test (a well which is not completed for production but drilled only to obtain geologic information) on the Lands. This amount shall be paid by Operator to Surface Owner before entering upon the Lands.

b. **Well Locations.** An initial payment of [REDACTED] for the initial well drilled on a pad and an initial payment of [REDACTED] for each subsequent well drilled on a pad. This amount shall be paid by Operator to Surface Owner before entering upon the Lands to drill each well.

Surface Owner: Gus Slanovich

Operator: Aaron J. Goss
Executive V.P.

Phone: _____
Fax: _____
E-mail: _____

Office Phone: _____
Home Phone: 303-495-0327 _____
Fax: _____
E-mail:
agoss@fremontpetroleum.com _____

16. Conflicts with the Lease. Except as expressly provided for in this Agreement, nothing herein shall in any manner diminish or alter Operator's rights or obligations under the Lease.

17. Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of the State of Colorado without regard to principles of conflicts of law.

18. Memorandum of Agreement. This Agreement shall not be recorded in the records of the Clerk and Recorder of Fremont County, Colorado. Surface Owner and Operator will jointly execute a memorandum of this agreement for the purpose of placing third parties on a notice of this Agreement. The memorandum shall be recorded by Operator in the records of the Clerk and Recorder of Fremont County, Colorado.

19. Personal Authority. Each of the undersigned represents he or she is authorized to execute this Agreement on behalf of the Operator or Surface Owner, as indicated below and, therefore, bind the party on whose behalf he or she has executed this Agreement.

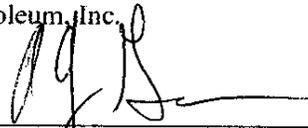
20. Binding Effect. This Agreement shall be binding upon the parties hereto and their respective heirs, successors and assigns and shall run with the Lands.

IN WITNESS WHEREOF, this Agreement is executed as of the 13th day of November, 2019.

SURFACE OWNER

OPERATOR

AusCo Petroleum, Inc.



By: Gus Slanovich

By: Aaron J. Goss

CHANDLER CREEK COMPANIES

Title: Executive Vice President