

SURFACE USE AND COMPENSATION AGREEMENT

This Surface Use and Compensation Agreement ("**Agreement**") is made and entered into, effective as of the 12th day of SEPTEMBER 20 12 ("**Effective Date**") by and between Front Range I-70 Capital Assets LLC, whose address is 14205 Southeast 36th Street, Bellevue, WA 98006 ("**Grantor**"), and ConocoPhillips Company, a Delaware Corporation, whose address is Attn: Manager, Real Property Administration, PO Box 7500, Bartlesville, OK. 74004-7500 ("**Grantee**").

RECITALS

- A. Grantor owns the surface estate or otherwise controls the surface rights in and to property located in the South Half of Section 36, Township 3 South, Range 64 West, Adams County, Colorado, as more particularly described and depicted on **Exhibit A-1 and A-2**, attached hereto and made a part hereof ("**Property**").
- B. Grantee owns or operates oil and gas leases and rights and may become holder of other oil and gas leases and rights underlying and in the vicinity of the Property ("**Leases**") and desires to enter on the Property for the purposes of conducting oil and gas operations under or related to the Leases ("**Operations**").
- C. In addition to the rights granted in the Leases, Grantee desires to obtain the right to use the Property for the purpose of access to and from the Leases and right(s)-of-way related to Grantee's Operations.
- D. Grantor and Grantee desire to stipulate and agree on the rights to be granted by Grantor to Grantee and the compensation and damages to be paid for such rights.

AGREEMENT

In consideration of the foregoing recitals and the terms, covenants and conditions contained herein, Grantor and Grantee agree as follows:

1. Surface Access Rights.

- A. **Right-of-Way.** Grantor grants to Grantee and its agents, employees, and others authorized by them a private easement and right-of-way upon and across the Property to conduct its Operations, including without limitation, the rights to (a) locate, drill, complete, operate, and maintain wells on the Property; (b) to construct, operate and maintain access roads, (c) to lay, construct, operate, inspect, maintain, repair, replace with same or different size pipe, remove, or abandon in place pipeline(s), compressor stations, power line(s) and/or communication line(s), and other facilities related to the Operations ("**Right-of-Way**"). Such Right-of-Way also includes the right for Grantee to construct from time to time and at any time or times additional pipelines, appurtenances, valves, metering equipment, cathodic protection, wires, conduits, cables, and/or underground power lines and other facilities needed for its Operations within the

Right-of-Way granted. The Right-of-Way for the roads, pipeline(s), compressor stations, power line(s) and/or communication line(s) shall not exceed sixty feet (60') in width. Grantee may use an additional twenty feet (20') along and adjacent to the Right(s)-of-Way during construction, repair or maintenance periods.

B. Grantor warrants that it is the owner of the Property and has the legal right to grant the Right-of-Way described herein and that Grantee shall have the quiet use and enjoyment of the Property in accordance with the terms and conditions of this Agreement.

2. **Location of Rights-of-Way and Well Pads.** The Rights-of-Way for pipelines, power lines, communication lines other planned facilities and access and the well pad locations will be located as specified and illustrated on the attached **Exhibit A-1 and A-2.**

3. **Colorado Waiver of Notice and Consultation.** In accordance with sections 305.e.(7) and 306.a.(3) of the Rules and Regulations ("**Rules**") of the Colorado Oil and Gas Conservation Commission ("**COGCC**"), Grantor waives the right to receive the landowner notice set forth in COGCC Rule 305.e, and Grantor further waives the right to the consultation set forth in COGCC Rule 306.a. Grantor acknowledges the receipt from Grantee of the information brochure for surface owners described in COGCC Rule 306.e.(1)A. Grantor acknowledges and agrees that Grantee has complied with all notice and consultation requirements of COGCC Rules 305 and 306.

4. **Grantor Use of Property.** Grantor expressly acknowledges that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligation of Grantee to reasonably accommodate Grantor's use of the surface of the Property, existing or future, and Grantor waives any statutory or common law claims to the contrary. Further, Grantor acknowledges that Grantee's proposed use of the Property reasonably accommodates the Grantor by minimizing intrusion upon and damage to the Property, and that Grantee has fully complied with Colorado's statutory reasonable accommodation doctrine at Colo. Rev. Stat. § 34-60-127, as amended or re-codified. Grantor agrees not to place or store any personal property or material of any kind on any well pad, including but not limited to placing or storing vehicles, farm equipment, hay or other crops on any well pad.

5. **Compensation.** As compensation for the rights granted hereunder and for damages incurred with respect to Grantee's use of any of the Property, Grantee will pay to Grantor as follows:

A. **Well Locations.** \$48,665.00 lump sum payment for the surface used inclusive of the two well locations shown on Exhibit A-1 and A-2. Each well location will be approximately 6 ½ acres in size shown on Exhibit B-1 and B-2. The payment shall include compensation for use of and any damages to the well sites and any subsequent facilities for Grantee's Operations on the same surface area.

- B. Right-of-Way for Roads, Pipelines, Power and Communication Lines.** \$15.00 per rod lump sum payment for each right-of-way shown on Exhibit A. The total right-of-way is estimated at 89 rods in length and the compensation is \$1,335.00.
- C. Total Compensation.** Grantor agrees that the recited compensation constitutes full payment for the rights herein granted and confirmed and all present and future surface damages that may occur to the Property as a result of Grantee's Operations
- D. Payments.** Grantee shall pay Grantor all compensation set forth in this Paragraph 5 on or before the 30th day following execution hereof by all parties hereto. Payments shall be made to Front Range I-70 Capital Assets LLC at the address set forth in Paragraph 10 of this Agreement.
- E. Additional Surface Damages.** Compensation for additional surface damages, if any, that may occur outside of the reasonable scope of Operations contemplated by this Agreement shall be negotiated between Grantor and Grantee, but shall not affect the term or validity of this Agreement.
- 6. Release.** Grantor, for itself and its successors and assigns, acknowledges the receipt and sufficiency of all compensation paid by Grantee pursuant to this Agreement as full and complete settlement for and as a release of all claims for loss, damage or injury to the Property arising out of Grantee's Operations.
- 7. Conduct of Operations.**
- A.** All of Grantee's Operations shall be conducted in a safe and workmanlike manner and in compliance with all applicable federal, state or local laws, rules or regulations.
 - B.** Grantee will design and construct well locations to provide a safe working area while reasonably minimizing the total surface area disturbed.
 - C.** At the time any access road is initially constructed, Grantee will install a cattleguard and/or gate at each existing fence line crossed by such access road.
 - D.** All disturbed areas affected by drilling or subsequent operations shall be maintained by Grantee to control dust and minimize erosion. During the term of this Agreement, Grantee shall keep all disturbed areas as reasonably free of noxious weeds as practicable.
 - E.** Grantee shall have the right to clear all trees, undergrowth and other obstructions from the Right-of-Way.
 - F.** Grantor shall not impound water or build, construct, create or install, nor permit others to impound water or build, construct, create or install, any buildings, structures, fences, trees, engineering works, or any obstructions on the Right-of-

Way and Grantor will not change the grade of the Right-of-Way without the express written consent of Grantee.

8. Ancillary Rights. In addition to the other rights granted herein, Grantee shall be entitled to, and is granted the right to, use the surface and subsurface of the Property to drill, complete, produce, deepen, rework, drill additional laterals or wells, frac, re-frac and recomplete vertical wells, directional and/or horizontal wells (collectively referred to as "Wells") under and through the Property to reach lands not covered by this Agreement and which Wells have bottom hole locations (if vertical wells) or horizontal drainhole locations (if horizontal wells) on lands not covered by this Agreement.

9. Reclamation.

- A. As to all disturbed areas affected by drilling or other operations hereunder, that are no longer needed or used for construction or operation of any facilities or upon termination of this Agreement, Grantee shall commence operations and continue in a diligent manner to fully reclaim and re-seed areas to a condition as similar as is practicable to that existing prior to the commencement of Grantee's activities, or in accordance with any then applicable federal, state or local laws and regulations, and in accordance with these provisions.
- B. Grantee shall consult with Grantor regarding seed mix to be used for reseeding.
- C. Grantee shall notify Grantor prior to final reclamation operations on the Property, including plugging and abandonment, and shall comply with any federal, state or local notification rules, regulations or requirements. Grantee shall use its reasonable efforts to consult in good faith with Grantor regarding all aspects of final reclamation, including but not limited to timing of such operations, topsoil protection and reclamation of the Property.

10. Designated Contact Person. Grantor and Grantee designate the following as their primary contact person for discussions, consultation and/or notification purposes:

GRANTOR:

Jeff Smith
Front Range I-70 Capital Assets LLC
14205 Southeast 36th Street, *Suite 100*
Bellevue, WA 98006
425-519-3632

GRANTEE:

ConocoPhillips Company
Real Property Administration
PO Box 7500
Bartlesville, OK. 75005-7500

And to:
ConocoPhillips Company
Attn: Wayne McCreesh or Maxwell Blair
ConocoPhillips Company
Property Tax, Real Estate, Right of Way and Claims
34501 East Quincy Avenue
Watkins, CO. 80137
Phone: 303-268-3709

All notices and communications required or permitted under this Agreement shall be in writing and addressed as set forth above. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving Party charged with notice, whether personally delivered, sent by facsimile transmission, mail or overnight courier, when received. Grantor or Grantee may notify the other of a change in its designated contact person.

11. Assignability. This Agreement may be assigned by Grantee without Grantor's consent to any person or entity holding an oil and gas leasehold interest in the Property but may not otherwise be assigned without Grantor's prior written consent, which shall not be unreasonably withheld.

12. Binding Effect. All provisions of this Agreement shall be binding on and inure to the benefit of Grantor and Grantee and their heirs, executors, administrators, successors and assigns.

13. Term. This Agreement shall be effective as of the date it is fully executed and shall remain in force and effect as to all of the Property for so long as the oil and gas leases and rights owned by Grantee, its successors or assigns on the Property or any portion thereof are in force and effect and for a period of one (1) year following termination of such oil and gas leases and rights as to all of the Property.

14. Recordability. This Agreement may only be recorded with the written consent of both Grantor and Grantee. Grantor and Grantee agree to execute a memorandum version of this Agreement, which may be recorded in the Clerk and Recorder's office for the county(ies) in which the Property is located.

15. Shall Not Diminish Other Rights. This Agreement is a clarifying and confirming document and shall not be construed as a waiver of any rights Grantee has under any other agreement or instrument pertaining to the Property. If it becomes necessary or desirable to utilize locations different from those agreed upon due to regulatory requirements or otherwise, the parties will negotiate a modification to this Agreement.

16. Confidentiality. Except as set forth in the memorandum of this Agreement, Grantor hereby represents and warrants that Grantor shall not disclose or publish in any form

or fashion the terms of this Agreement, it being understood that such warranty and representation forms part of the consideration for this Agreement.

- 17. Indemnity.** Grantee does hereby covenant and agree to indemnify and hold Grantor free and harmless against and from any and all loss, damage, claims, fines, demands and suits, including but not limited to claims for clean up or environmental remediation as required by any governmental agency having jurisdiction over such matters, which the Grantor may suffer as a direct result of Grantee's Operations, expressly excluding from such indemnity/hold harmless obligation any claim or cause of action, or alleged or threatened claim or cause of action, damage, judgment, interest, penalty, or other loss arising or resulting from the negligence or willful acts or omissions of the Grantor, its agents, invitees, or licensees, or third parties. Neither party shall be liable to the other for special, indirect, or consequential damages, resulting from or arising out of this Agreement including, without limitation, loss of profit or business interruptions, however same may be caused.
- 18. Force Majeure.** Neither Grantor nor Grantee shall be liable to the other for any damages for failure to perform its obligations under this Agreement due to fire, earthquake, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, acts of terrorism, strike or labor disputes and other like casualty or other causes beyond its reasonable control (including but not limited to inability to complete reclamation responsibilities; provided, however, that such responsibilities shall continue but with an extension of the completion deadline), nor for damages caused by public improvements or condemnation proceedings.
- 19. Transfer of Grantor's Interest.** No transfer of Grantor's interest, by assignment or otherwise, shall be binding on Grantee until Grantee has been furnished with written notice, including copies of all recorded instruments or documents and other information necessary to establish a complete chain of record title from Grantor. No present or future division of Grantor's ownership as to different portions or parcels of the Property shall operate to enlarge the obligations or diminish the rights of Grantee, and all Grantee's Operations may be conducted without regard to such division.
- 20. Amendments.** This Agreement may only be amended by the written agreement of both parties.
- 21. Headings.** Paragraph headings or captions in this Agreement are for reference and convenience only and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision.
- 22. Construction of Agreement.** Whenever required by the context of this Agreement, the singular shall include the plural, and vice versa, and the masculine gender shall include the feminine and neuter genders, and vice versa. The provisions of this Agreement have been independently, separately and freely negotiated by Grantor and Grantee as if drafted by both. The parties waive any statutory or common law


presumption that would serve to have this Agreement construed in favor of or against either of them.

- 23. Applicable Law.** This Agreement shall be governed by and interpreted in accordance with the laws of Colorado, excluding any choice of law provisions which would refer the matter to the laws of another jurisdiction.
- 24. Notice of Breach or Default.** An alleged breach or default by Grantee of any obligation hereunder or the failure of Grantee to satisfy any condition or limitation contained herein shall not work a forfeiture or termination of this Agreement nor be grounds for cancellation hereof in whole or in part, and no litigation shall be initiated by Grantor with respect to any alleged breach or default by Grantee hereunder, for a period of at least thirty (30) days after Grantor has given Grantee written notice fully describing the breach or default, and if Grantee does not dispute the breach, then only if Grantee fails to remedy or commence to remedy the breach or default within such period.
- 25. Relationship of Grantor and Grantee.** Grantor and Grantee acknowledge and agree that this Agreement does not create any special relationship between them including, without limitation, that of joint venturers or partners. Nothing in this Agreement shall be construed to establish a fiduciary relationship, a relationship of trust or confidence or a principle-agent relationship between Grantor and Grantee for any purpose.
- 26. Severability.** If any provision of this Agreement is illegal, invalid or unenforceable under present or future laws applicable to this Agreement, Grantor and Grantee intend that the remainder of this Agreement shall remain in full force and effect so as to fulfill as fully as possible their intent as expressed by the then existing terms of this Agreement, including the invalidated provision.
- 27. Merger of Prior Agreements.** This Agreement contains the sole and entire agreement and understanding of Grantor and Grantee with respect to its subject matter and shall supersede all prior agreements, if any, insofar as they pertain to the subject matter of this Agreement between Grantor and Grantee. All prior discussions, negotiations, commitments and understandings relating to the subject matter of this Agreement are merged into it.
- 28. Counterparts.** This Agreement may be executed in two or more original counterparts, all of which together shall constitute one and the same Agreement.

EXECUTED as of the date of acknowledgement, but this Agreement is effective as of the first date mentioned above.

GRANTOR:

Front Range I-70 Capital Assets LLC

By: 

Printed Name: JEFFREY S. SMITH

Title: MANAGING MEMBER, LLC

Date: 9-12-12

GRANTEE:

ConocoPhillips Company

By: 

Printed Name: Brian Calloway

Title: Attorney-in-Fact

Date: 11/16/2012

ACKNOWLEDGMENTS

State of WA }
 County of King }

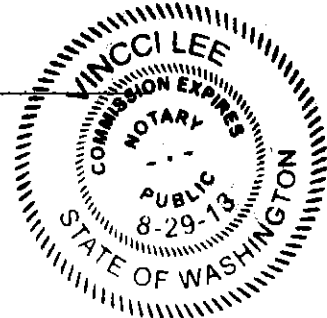
I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Jeffrey Smith, whose name as Jeffrey S Smith of the Front Range I-70 Capital Asset LLC is signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument she, as authorized agent and with full authority, executed the same voluntarily and as the act of said LHC.

Given under my hand and official seal, this the 12th day of September, 2012

Vincci Lee

Notary Public

My Commission Expires _____



State of TEXAS }
 County of ECTOR }

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that BRIAN CALLOWAY, whose name as Attorney In Fact of ConocoPhillips Company is signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, she, as authorized agent and with full authority, executed the same voluntarily and as the act of said corporation.

Given under my hand and official seal, this the 16th day of November, 2012

Jandra Stevens

Notary Public

My Commission Expires 01-15-2016



EXECUTED as of the date of acknowledgement, but this Agreement is effective as of the first date mentioned above.

GRANTOR:

Front Range I-70 Capital Assets LLC

By: Mahinder Bajaj

Printed Name: MAHINDER M BAJAJ

Title: MANAGING MEMBER

Date: 09/19/2012

GRANTEE:

ConocoPhillips Company

By: Brian Calloway

Printed Name: Brian Calloway

Title: Attorney-in-Fact

Date: 11/16/2012

ACKNOWLEDGMENTS

State of Colorado }
County of Jefferson }

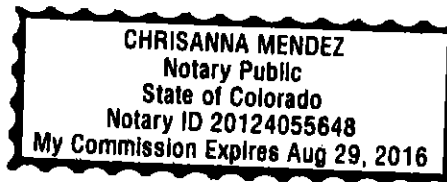
I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Mahinder Mike Bajaj whose name as Mahinder Mike Bajaj of the Front Range 1-70 Capital Assets LLC is signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument she, as authorized agent and with full authority, executed the same voluntarily and as the act of said LLC.

Given under my hand and official seal, this the 19 day of September, 2012.


Notary Public

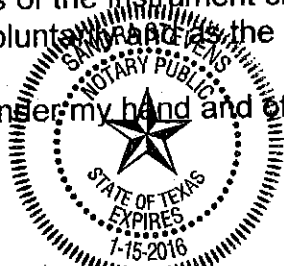
My Commission Expires August 29, 2016

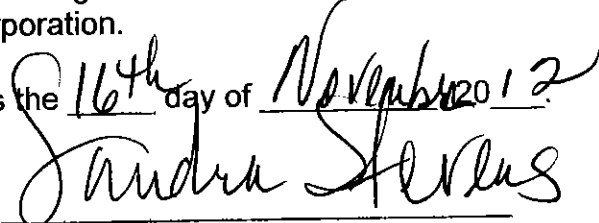
State of TEXAS }
County of ECTOR }



I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that BRIAN CALLOWAY, whose name as Attorney In Fact of ConocoPhillips Company is signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument she, as authorized agent and with full authority, executed the same voluntarily and as the act of said corporation.

Given under my hand and official seal, this the 16th day of November 2012.




Notary Public

My Commission Expires 01-15-2016

EXECUTED as of the date of acknowledgement, but this Agreement is effective as of the first date mentioned above.

GRANTOR:

Front Range I-70 Capital Assets LLC

By: Suman Bajaj

Printed Name: Suman Bajaj

Title: _____

Date: 9-20-12

GRANTEE:

ConocoPhillips Company

By: Brian Calloway

Printed Name: Brian Calloway

Title: Attorney-in-Fact

Date: 11/16/12

ACKNOWLEDGMENTS

State of Colorado }
County of Broomfield }

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Suman Bajori, whose name as Gantor of the Front Range 1-70 Capital Assets LLC signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument she, as authorized agent and with full authority, executed the same voluntarily and as the act of said Gantor.

Given under my hand and official seal, this the 20th day of September 2012.

Candace D. Bracalis
Notary Public

My Commission Expires 6/12/2016

State of TEXAS }
County of ECTOR }

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that BRIAN CALLOWAY, whose name as Attorney In Fact of ConocoPhillips Company is signed to the foregoing Surface Use and Compensation Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument she, as authorized agent and with full authority, executed the same voluntarily and as the act of said corporation.

Given under my hand and official seal, this the 16th day of November 2012



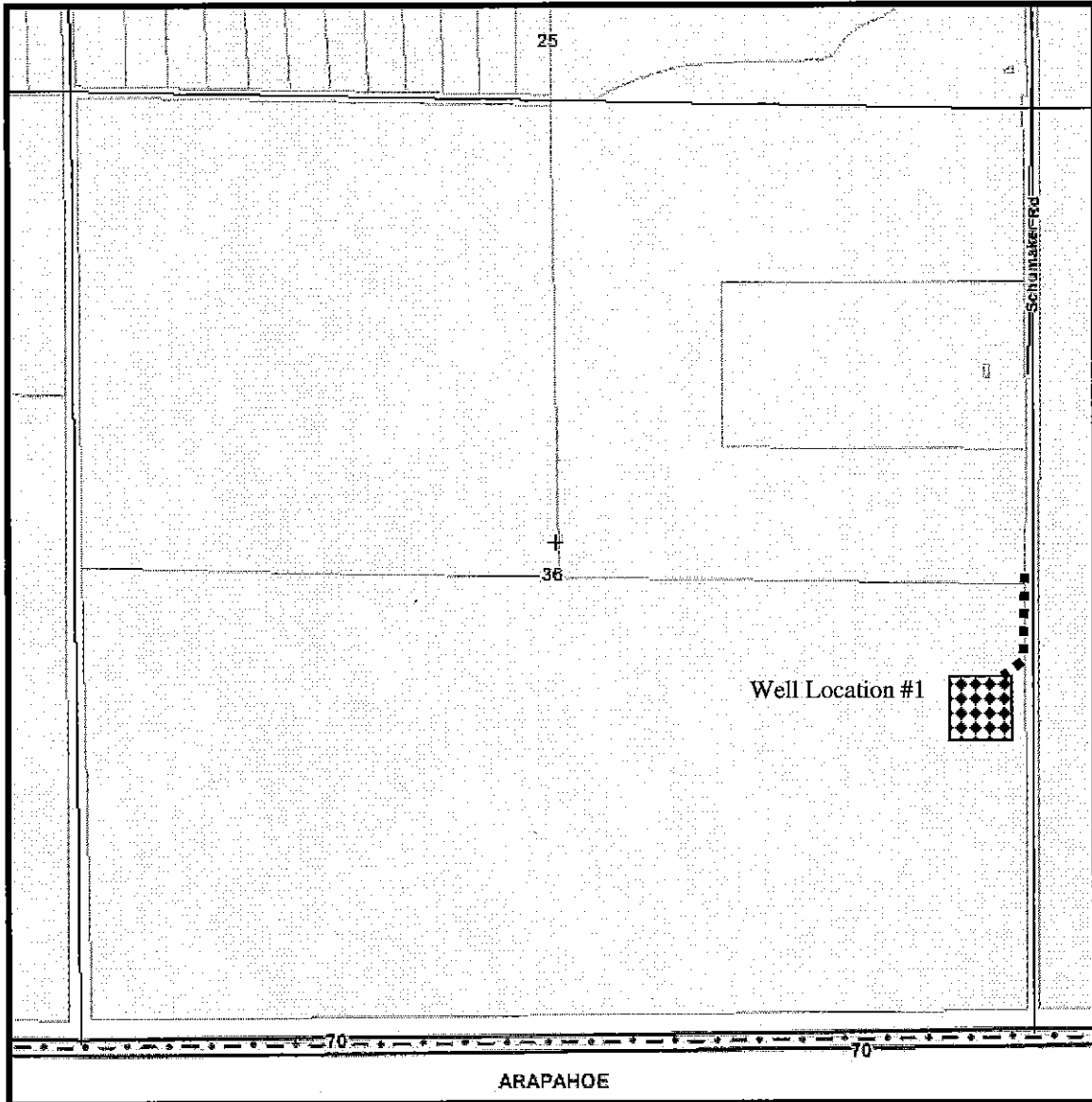
Sandra Stevens
Notary Public

My Commission Expires 01-15-2016

EXHIBIT A-1

to the Surface Use and Compensation Agreement
Township 3 South, Range 64 West, 6th P.M.

Section 36: S/2
Adams County, CO



Key



Right of Way



Well Location

to the Surface Use and Compensation Agreement
Township 3 South, Range 64 West, 6th P.M.

25

36

Well Location #2

ARAPAHOE

SCHUNKER RD

70

✓

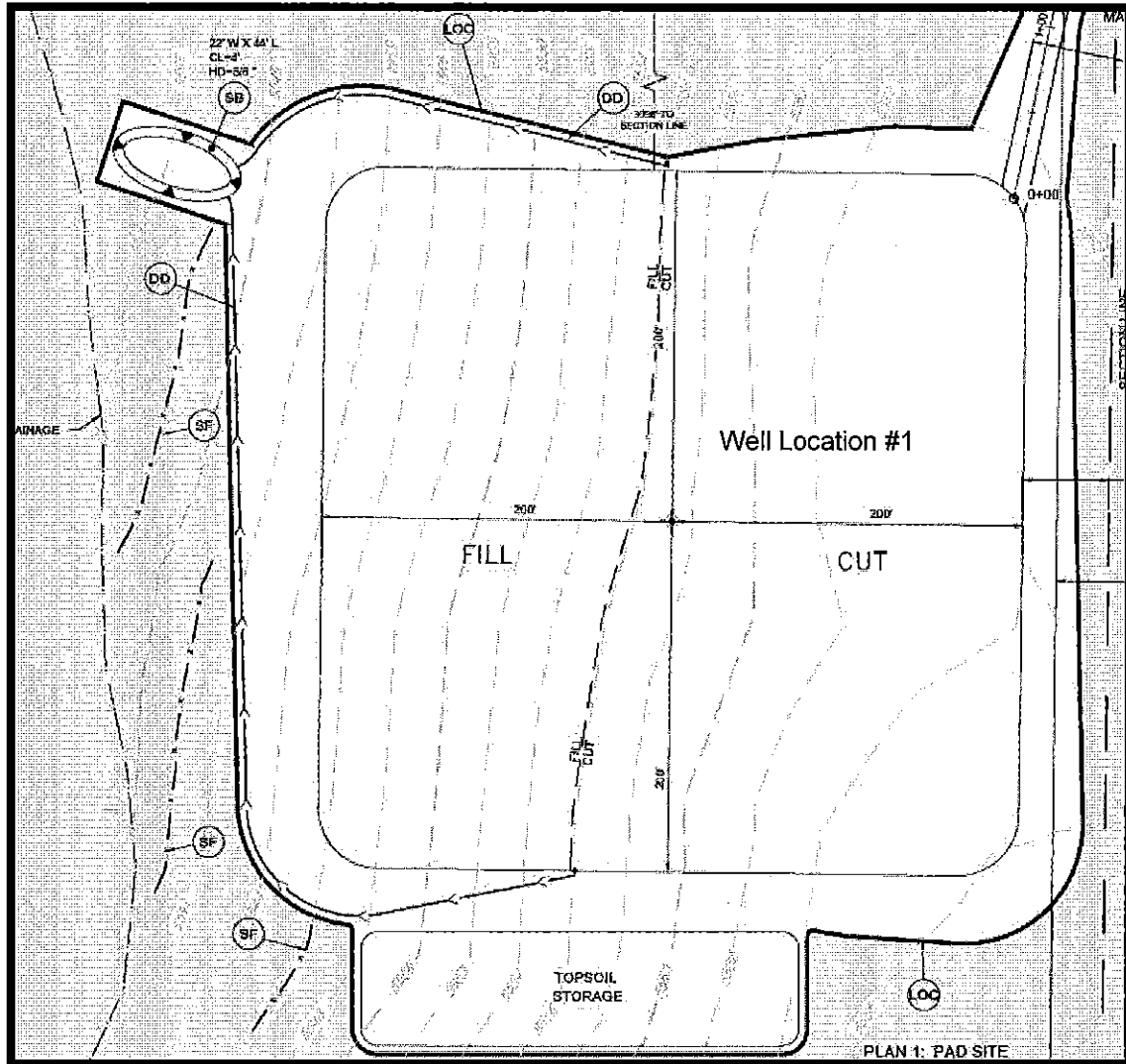


Well Location

EXHIBIT B-1

to the Surface Use and Compensation Agreement
Township 3 South, Range 64 West, 6th P.M.

Section 36: S/2
Adams County, CO



*Typical site layout. Subject to change as necessary.

to the Surface Use and Compensation Agreement
Township 3 South, Range 64 West, 6th P.M.
 Section 36: S/2
 Adams County, CO

Adams County, CO



*Typical site layout. Subject to change as necessary.