



## SURFACE USE AGREEMENT

This Agreement, entered into this 14 day of August, 2003, between the parties, Patricia A. Olson whose address is 109 County Road 59, Guffey, Colorado 80820 and Lance Oil & Gas Company, Inc. whose address is 1099 18th Street, Suite 1200 Denver, CO 80202 (OPERATOR) provides that OPERATOR will be allowed to enter onto and conduct surveying, drilling, completion, construction of pipelines, production operations, reworking operations and all additional operations associated therewith on SURFACE OWNERS property (SUBJECT LANDS) and other neighboring lands for so long as oil and/or gas is being produced or capable of being produced from any well drilled on the SUBJECT LANDS or other neighboring lands and whatever additional time is needed to complete surface remediation to COGCC standards.

SUBJECT LANDS are described as follow:

Township 9 North, Range 43 West, 6<sup>th</sup> P.M.  
Section 27: NW

Phillips County, Colorado

OPERATOR has indicated that it owns, or is attempting to secure, drilling rights under the SUBJECT LANDS and desires to conduct operations to drill, complete, and produce oil and gas wells on the SUBJECT LANDS or adjacent lands. The following shall set out those terms and conditions under which OPERATOR may enter and conduct operations on SUBJECT LANDS.

1. No permanent roads will be constructed by OPERATOR unless determined to be absolutely necessary and mutually agreed upon between SURFACE OWNER and OPERATOR.
2. No recreational use of SUBJECT LANDS by OPERATOR is allowed.
3. Possession of firearms on SUBJECT LANDS by OPERATOR is prohibited.
4. Production well locations shall utilize no more than 3 acres of land while drilling and no more than 1 acres for permanent facilities.
5. As compensation for the above-described access, OPERATOR will pay to SURFACE OWNER the following:

### WELL SITE LOCATION

A one time payment of \$ \_\_\_\_\_ ) per well site, before initiating construction of the location.



### EXISTING ROAD USAGE

A payment of \$ \_\_\_\_\_ per rod per year for existing private road use. SURFACE OWNER agrees to grant, at OPERATORS request, easements across the SUBJECT LANDS as necessary for the use of existing roads.

### NEW ROADS

A one time payment of \_\_\_\_\_ per rod for the construction of any new road, payable upon completion of the road and a payment of \$1.50 per rod per year for road use thereafter. SURFACE OWNER agrees to grant, at OPERATORS request, easements across the SUBJECT LANDS as necessary for the construction, and use of new roads.

### NEW POWER LINES

A payment of \$ \_\_\_\_\_ per rod for all new power lines constructed from existing power lines to the well site. SURFACE OWNER agrees to grant, at OPERATORS request, easements across the SUBJECT LANDS as necessary for the construction, installation, operation replacement and maintenance of said lines.

### PIPELINE RIGHT OF WAY PAYMENT

A payment of \$ \_\_\_\_\_ per rod for pipeline right-of-way, payable upon completion of pipeline and SURFACE OWNER agrees to grant, at OPERATORS request, easements across the SUBJECT LANDS as necessary for the construction, installation, operation, replacement and maintenance of said lines.

In addition Operator shall make a one time payment for crop damage as follows:

Dryland Wheat	\$	Bu x 29 Bu/ac =	1/ac
Irrigated Wheat	\$	Bu x 70 Bu/ac = \$	ac
Irrigated Corn	\$	Bu x 127 Bu/ac = \$	/ac

6. Upon completion of drilling activities and production and exploration of the OPERATORS lease on the above property, OPERATOR shall turn all roads and other types of rights-of-ways or sites as near as practical, to the original condition, unless otherwise provided or agreed. All disturbed areas caused by Operators activities shall be reseeded, unless otherwise provided or agreed. Cattle guards shall be removed and fences restored to as near as practical to the original condition, unless otherwise provided or agreed. OPERATOR shall remove and dispose of all trash and drilling fluids and control noxious weeds in disturbed areas. OPERATOR shall also take reasonable steps to mitigate the effects of its activities including environmental remediation to COGCC standards.
7. Payments herein provided are acknowledged by SURFACE OWNER as sufficient and in full for damages, caused or created by reason of the responsible and customary entry,



rights-of-way, drilling operations and subsequent operation of said well site. OPERATOR agrees to compensate SURFACE OWNER for extraordinary loss or damage caused by the OPERATOR, its agents, or employees to its property or livestock, and that of its surface lessee, if any. OPERATOR shall use all reasonable steps to mitigate any damage caused by the drilling of the wells, including, but not limited to damage done to any existing streams.

8. All existing access roads used by OPERATOR under this Agreement shall be maintained in as good a condition as, or better than, existed prior to OPERATORS entry upon said lands. New access roads shall be maintained in usable condition. All roads used by OPERATOR shall be crowned and ditched with an all weather material.
9. OPERATOR shall be responsible for noxious weed control within the right-of-way on stated access.
10. OPERATOR agrees to defend, indemnify and hold SURFACE OWNER harmless from any and all claims, demands, or judgements connected directly with OPERATOR'S operations on the SUBJECT LANDS.
11. From time to time, it will be necessary to allow various parties, such as surveyors, archaeologists, etc. access to the SUBJECT LANDS. Such parties will be instructed to notify SURFACE OWNER, SURFACE OWNERS designated agent or ranch management prior to entry for access instructions.
12. In an event of a default by the OPERATOR in payment of any of the sums herein above, OWNER shall notify OPERATOR, in writing, and OPERATOR shall have thirty days after the date of notification within which to cure such default and make the required payment. Waiver of any default shall not be deemed a waiver of subsequent defaults, but notice thereof shall be given by the SURFACE OWNER to OPERATOR as herein provided. In the event the OPERATOR does not cure the default within the time specified, the rights of the OPERATOR hereunder shall be suspended including the right of ingress and egress, until such default has been cured, and SURFACE OWNER shall not be liable for any loss or damage to OPERATOR occasioned by the SURFACE OWNERS enforcement of this provision.
13. OPERATOR agrees to make reasonable effort to avoid interference with or disturbance of SURFACE OWNER'S Conservation Reserve Program Contract and Pheasant's Forever Food Plot which will be attached to and by this reference made a part of this agreement. Any damage to SUBJECT LANDS covered by aforementioned contract shall be compensated as described under the original contract.
14. SURFACE OWNER agrees to keep the terms of this Agreement thereof confidential and not to disclose the Agreement to any person or entity other than such of SURFACE OWNER 's officers, directors, partners, employees, attorneys, accountants, consultant or



financial advisors who have a bona fide requirement to have access to the Agreement in order for SURFACE OWNER to carry out the purposes of the Agreement and who have agreed in writing supplied to, and enforceable by Operator, to be likewise bound by the confidentiality requirements hereof. SURFACE OWNER shall be responsible and liable for any use or disclosure of this Agreement in violation hereof.

Nothing contained herein is intended to prevent disclosure of the Agreement or any part thereof, if, in the written opinion of SURFACE OWNER's legal counsel, such disclosure is legally compelled or required to be made in a judicial, administrative, or governmental proceeding pursuant to a valid subpoena or other applicable order, provided, however, SURFACE OWNER provides OPERATOR with reasonable prior written notice before disclosing the Agreement or any portion thereof in any such proceeding and, in making such disclosure, SURFACE OWNER shall disclose only that portion of the Agreement required to be disclosed and shall take all reasonable efforts to preserve the confidentiality thereof, including obtaining protective orders and supporting OPERATOR's intervention.

SURFACE OWNER agrees that if the confidentiality provision of this Agreement is breached, or if a breach thereof is threatened, OPERATOR's remedy at law may be inadequate, and therefore, without limiting any other remedy available to Operator at law or in equity, an injunction, restraining order, specific performance, and other forms of equitable relief or money damages or any combination thereof shall be available to OPERATOR and shall also entitle OPERATOR to the costs, expenses and fees, including reasonable attorneys fees.

This agreement may be executed in multiple counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute, for all purposes, one agreement.

This agreement shall be binding upon the parties hereto, their heirs, administrators, successors and assigns, effective as of this date set forth above.

ACCEPTED AND AGREED to this 20<sup>th</sup> day of August, 2003.

SURFACE OWNER(S):

Patricia A. Ne

BY \_\_\_\_\_

OPERATOR: Lance Oil & Gas Company, Inc.

By: Mark R. Petry

**Mark R. Petry, Attorney-In-Fact**

OWNER ACKNOWLEDGMENT

STATE OF COLORADO )  
 ) ss.  
COUNTY OF ARAPAHOE )

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of August,  
2003. by PATRICIA A. OLSON

My Commission Expires: 7/4/2007

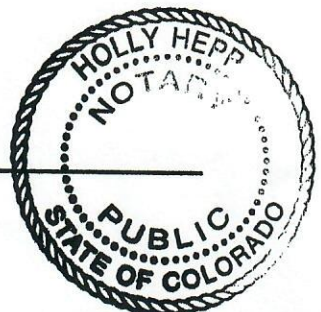
GARY W. DICKINSON  
Name of Notary Printed

OPERATOR ACKNOWLEDGMENT

STATE OF COLORADO )  
 ) ss.  
COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of August,  
2003. by Mark R. Petry, Attorney-In-Fact for Lance Oil & Gas Company, Inc., a Delaware  
corporation on behalf of the corporation.

Holly Hepp





IP-1  
30-97)

U.S. DEPARTMENT OF AGRICULTURE  
Commodity Credit Corporation

1. ST. & CO. CODE & C/D 08 095 3	2. SIGN-UP NUMBER 20th 1-PL
3. CONTRACT NUMBER 379	4. ACRES FOR ENROLLMENT 159.5
5. FARM NUMBER #1489	6. TRACT NUMBER(S) 101
8. OFFER (Select one) STANDARD <input type="checkbox"/> ENVIRONMENTAL PRIORITY <input checked="" type="checkbox"/>	9. CONTRACT PERIOD FROM (M/D/Y) 10-1-2000 TO (M/D/Y) 9-30-2010

**CONSERVATION RESERVE PROGRAM CONTRACT**

COUNTY OFFICE ADDRESS AND PHONE NO. (area code)

Phillips County FSA Office  
1280 SW Interocan Dr  
Holyoke CO 80734-2124  
(970) 854-2812

A CONTRACT is entered into between the Commodity Credit Corporation (referred to as "CCC") and the undersigned owners, operators, or tenants (who may be referred to as "Participant", "Operator", and "Tenant", respectively) on the farm identified above. The undersigned person or persons may hereafter collectively be referred to as "the Participant." The Participant agrees to place the designated acreage into the Conservation Reserve Program ("CRP") for the stipulated contract period from the date the Contract is executed by the Participant or other use set by CCC. The Participant also agrees to implement on such designated acreage the Conservation Plan developed for such acreage and approved by the CCC. Additionally, the Participant and CCC agree to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, entitled "Appendix to CRP-1, Conservation Reserve Program Contract (referred to as 'Appendix'). By signing below, the Participant acknowledges that a copy of the Appendix for the applicable sign-up period has been provided to such person. Such person also agrees to pay such liquidated damages in an amount specified in the Appendix if the Participant draws prior to CCC acceptance or rejection. The terms and conditions of this contract are contained in this Form CRP-1 and in the CRP-1 Appendix and any addendum thereto. BY SIGNING THIS CONTRACT PRODUCERS ACKNOWLEDGE RECEIPT OF THE FOLLOWING FORMS: CRP-1; CRP-1 Appendix and any addendum thereto; CRP-2; and if applicable, CRP-15 and CRP-1 Continuation.

**10. OFFER FOR PERMISSION TO ALLEY CROP**

In order to participate in CRP under CP19, Alley Cropping, I/we submit an offer of \$ \_\_\_\_\_ per acre reduction, from the amount specified in item 11A, in the annual rental payments for permission to produce agricultural commodities on eligible acres in accordance with the provisions for alley cropping set out in the applicable regulations. I/we understand that for each year of the CRP contract the annual rental payment will be reduced by the amount agreed to above, which reduction must be a reduction of at least 50 percent in the annual rental payment.

1. Rental Rate Per Acre \$	12. Identification of CRP Land															
3. Annual Contract Payment \$																
5. First Year Payment \$ (Item 11C applicable only to continuous signup when the first year payment is prorated.)																
	<table border="1"> <thead> <tr> <th>A. Tract No.</th> <th>B. Field No.</th> <th>C. Practice</th> <th>D. Acres</th> <th>E. Total C/S</th> </tr> </thead> <tbody> <tr> <td>101</td> <td>1</td> <td>CP4D</td> <td>154.5</td> <td>1</td> </tr> <tr> <td></td> <td></td> <td>CP12</td> <td>50</td> <td>—</td> </tr> </tbody> </table>	A. Tract No.	B. Field No.	C. Practice	D. Acres	E. Total C/S	101	1	CP4D	154.5	1			CP12	50	—
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101	1	CP4D	154.5	1												
		CP12	50	—												

**13. OWNERS, OPERATORS, AND TENANTS**

OPERATOR NAME AND ADDRESS Joe Crowder 49057 County Road 36 Aberst CO 80721-9711	0 %	SOCIAL SECURITY NUMBER <del>521-74-1059-5</del>
		SIGNATURE <i>[Signature]</i> DATE 12-14-00
OWNER NAME AND ADDRESS Patricia Olson 109 County Road 59 Guffey CO 80820	100 %	SOCIAL SECURITY NUMBER <del>521-74-1059-5</del>
		SIGNATURE <i>[Signature]</i> DATE 2/8/2000
NAME AND ADDRESS	%	SIGNATURE _____ DATE _____

CCC USE ONLY - Payments according to the shares are approved.	SIGNATURE OF CCC REPRESENTATIVE <i>[Signature]</i>	DATE 7/17/2000
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The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a) and the Paperwork Reduction Act of 1995, as amended. The authority for requesting the following information is the Food Security Act of 1985, (Pub. L. 99-198), as amended, and regulations promulgated at 7 CFR PART 1410 and the Internal Revenue Code (26 USC 6109). The information requested is necessary for CCC to consider and process the offer to enter into a Conservation Reserve Program Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in determination of ineligibility for certain program benefits and other financial assistance administered by USDA agency. This information may be provided to other agencies, IRS, Department of Justice, or other State and Federal Law enforcement agencies, and in response to a court magistrate or administrative tribunal. The provisions of criminal and civil fraud statutes, including 18 USC 286, 287, 371, 651, 1001; 18 USC 714m; and 31 USC 3729, may be applicable to the information provided.

Federal Agencies may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average 4 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Department of Agriculture, Clearance Officer, OIRM, (OMB No. 0560-0125), STOP 7630, Washington, D.C. 20250-7630.

RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

OWNER'S COPY



Olson  
Property

T101

HEL

T102

HEL

2001 CRP  
159.5

1  
159.5

Food  
Plot



1  
159.2

T103

1999 CRP

OT

1  
158.9