

Agreement Document

WE



File Type: Lease



Document Type: Misc. Lease



Document Date: 06/21/2001



Agmt #/Barcode	State	County
15209.000 	COLORADO	RIO BLANCO

June 21, 2001

Twin Buttes Land Co., LLC
Attention: Mr. Dave Robertson
P. O. Box 323
Rangely, CO 81648

Re: Proposed Access and Location Rates
Evacuation Creek, Foundation Creek
and South Douglas Creek Development Areas
Rio Blanco County, CO

Dear Dave:

As we have discussed, El Paso Production Oil & Gas Company ("El Paso") intends to drill various oil & gas wells in the geographical area more fully described in the attached Exhibit "A". El Paso is successor in interest to Provident Resources, Inc. ("Provident") in that certain Easement and Surface Use Agreement ("Provident Agreement") dated July 16, 1976 between Twin Buttes Land Co., LLC ("Twin Buttes") and Provident covering portions of the lands described in Exhibit "A". As you are aware, the fees to be paid to Twin Buttes for access to and locations on the lands covered thereby were based upon a proposed well spacing of two wells per 640 acres. The Provident Agreement states, "...and no more than 2 such wells shall be drilled unless the parties mutually agree in writing to a revised schedule of payments."

A portion of the acreage also described in Exhibit "A" lies outside of the lands covered by the Provident Agreement. El Paso, as successor in interest to Coastal Oil & Gas Corporation, is also a party to other Access and Surface Use Agreements with Twin Buttes covering lands in Rio Blanco County, more specifically in El Paso's Lower Horse Draw field development area ("LHD Agreement"). As the LHD Agreement is mutually acceptable in form to both El Paso and Twin Buttes, it is proposed that this basic form will be used in drafting agreements for wells not covered by the Provident Agreement lying within the lands described in Exhibit "A" (a sample copy of said LHD Agreement is attached hereto for reference).

El Paso hereby proposes that wells to be drilled by El Paso on Twin Buttes fee lands or on lands accessed through Twin Buttes fee lands shall be considered in the following three categories:

- (a) Wells drilled upon Twin Buttes fee lands ("TBF Wells").
- (b) Wells drilled upon lands which Twin Buttes holds the grazing rights to federal grazing permit or license ("BLM wells").
- (c) Wells drilled upon El Paso leased acreage which are not included in either the TBF or BLM classifications described in items (a) and (b) above ("Other Wells").

As consideration to be paid for locations on or accessed through Twin Buttes fee lands lying within the acreage described in Exhibit "A", El Paso agrees to pay to Twin buttes an initial sum which shall be payable in advance of the commencement of a well, which shall be deemed consideration for the remainder of the then current calendar year for such well ("Initial Payment"). For the calendar year following the commencement of drilling and for each subsequent year until said well is plugged and abandoned and the lands it is located upon reclaimed, El Paso will tender an annual payment ("Rental") payable on or before the 1st day of February of each such calendar year.

Also pursuant to our recent discussions, El Paso agrees that the amount of said Initial Payments and Rentals shall escalate as the total number of wells per section of land drilled upon or accessed through Twin Buttes fee lands ("Wells") encompassed within the lands described in Exhibit "A" increases. It is understood that amount of the Initial Payments and Rentals to be paid to Twin Buttes shall be as follows:

Mildred
This will probably be the
going forward agreement.

Bob

Original somewhere?

TBF Wells:

Wells

1-2

3-4

5-6

7-8

BLM Wells:

Wells

1-2

3-4

5-6

7-8

Other Wells:

Wells

1-2

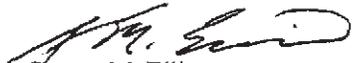
3 or more



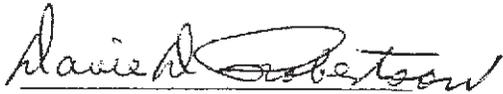
El Paso and Twin Buttes also agree that the fee payable to Twin Buttes for additional wells drilled on existing locations will be an initial payment of , regardless of the number of existing wells or locations per section and also regardless of the location of said well, whether it be a TBF, BLM or Other Well.

Twin Buttes agrees to hold confidential the terms, conditions and fees set forth in this letter and not disclose them to any third party without the prior written consent of El Paso, its successors or assigns. Twin Buttes and El Paso agree that the fee schedule described above shall determine the rates to be paid to Twin Buttes through June 30, 2004, at which time compensation for any future drilling will again be established by mutual agreement between Twin Buttes and El Paso.

Sincerely,
El Paso Oil & Gas Production Company


Steven M. Elliott
Sr. Landman

Acknowledged and Accepted this 12th day of June, 2001.
Twin Buttes Land Co., LLC


Davie D. Robertson
Manager

~~EXHIBIT "A"~~ *DRR*

Township 4 South, Range 102 West
Sections 1 through 36

Township 5 South, Range 102 West
Sections 1 through 6

Township 4 South, Range 103 West
Sections 25 and 36

Township 5 South, Range 103 West
Section 1

EXHIBIT A ~~Page 2~~ WR

(LHD Agreement)
ACCESS AND SURFACE USE AGREEMENT

This agreement, made and entered into as of the 7th day of February, 2000, by and between TWIN BUTTES LAND CO., LLC, referred to herein as "TWIN BUTTES", and EL PASO PRODUCTION OIL & GAS COMPANY, referred to herein as "EL PASO", with offices located at Nine Greenway Plaza, Houston, Texas 77046-0995.

RECITALS

- A. TWIN BUTTES is the owner of the surface of certain lands (referred to herein as "Fee Lands"), located in _____, in _____ County, Colorado.
- B. EL PASO is the lessee of certain oil and gas leases which are located in the general vicinity of the Fee Lands.
- C. EL PASO desires to obtain access through the Fee Lands and other surface use as herein limited and defined to conduct the drilling and production operations of the _____ well, more particularly described in Exhibit A, located in _____, in _____ County, Colorado.
- D. The parties desire to evidence their Agreement with respect to certain matters related to such access.

IT IS AGREED AS FOLLOWS:

- 1. TWIN BUTTES does hereby grant unto EL PASO access for the term of the Agreement to conduct the drilling and production operations of one well (as described in C. above and in the attached Exhibit) subject to the provisions of this Agreement and as limited by the provisions of this Agreement.
- 2. The Access herein granted to EL PASO, its personnel, agents, contractors, and subcontractors (including "Turn Key" operations) shall be limited to the right to use the existing road (describe road here). EL PASO agrees to do the maintenance on this road and maintain cattle guards and gates. Noxious weeds will be controlled during drilling, completion and production of the well. The gate on the existing roadway shall be kept locked at all times during all Big Game Hunting Seasons and when TWIN BUTTES requests. The crown of the road shall be limited to twenty (20) feet in width. Steel culverts will be installed and gravel laid at points mutually agreed to by TWIN BUTTES and EL PASO. No vehicle shall be permitted to travel in excess of twenty (20) miles per hour on said road and all EL PASO personnel, agents, contractors and subcontractors (including "Turn Key" operations) shall be notified of such speed limit prior to commencement of their respective use of said road. EL PASO agrees that no vehicle or equipment of any kind will be operated or parked off the designated roadways. This provision shall apply to EL PASO personnel, its agents, contractors, subcontractors (including "Turn Key" operations) and solicitors. If, because of emergencies arising from EL PASO'S operations (such as wrecked

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(LHD Agreement)

vehicles), equipment is operated off of the designated roadway, EL PASO agrees to restore the surface area and pay all damages occasioned by such use. TWIN BUTTES shall have the unrestricted right to use such road and to authorize other persons, firms or entities to use such road. The use of such road by EL PASO shall be limited to EL PASO and its authorized representatives, contractors, and subcontractors and shall be limited to business purposes. EL PASO shall be responsible for all of EL PASO'S authorized persons using such road and shall be responsible for any damage occasioned by such use, whether damage occurs through the acts of EL PASO, its personnel, agents, contractors or subcontractors (including "Turn Key" operations). All of such use shall be in accordance with acceptable safety and conservation practices. EL PASO SHALL NOT have the right to grant any additional access or use of such road.

3. The location of any new section of road to the drill site in Section ____ shall be mutually agreed to by Twin Buttes and EL PASO so as to preserve the grazing characteristics and big game hunting esthetics of the property. The crown of this road shall be limited to twenty (20) feet in width. Culverts will be installed at points mutually agreed to by Twin Buttes and EL PASO. If the new road to the well site is abandoned, EL PASO will restore the roadway as nearly as possible to the original terrain and will re-vegetate the same in accordance with USDA-NRCS specifications. All seeding of abandoned roads will be done in the fall. EL PASO will control noxious weeds on all areas disturbed by EL PASO.

4. The location of the drill site authorized by this Agreement shall be mutually agreed to by TWIN BUTTES and EL PASO so as to preserve the grazing characteristics and big game hunting esthetics of the property. The area of the drill site shall be limited to two hundred seventy-five (275) feet by one hundred seventy-five (175) feet during drilling and completion stages and two hundred (200) feet by one hundred (100) feet thereafter. Up to one foot of topsoil shall be removed from the drill site, saved and scattered evenly over the unused portion of the drill site after well completion. Side hill cuts shall be on a ratio of one to one or more. The well site shall be re-vegetated after well completion to USDA-NRCS specifications, except as to the portion being retained for a permanent well production site, and when the well site is abandoned, the entire portion thereof, including the pit, shall be re-vegetated to USDA-NRCS specifications. The well site shall be restored as nearly as possible to the original terrain, covered with topsoil and re-seeded within one (1) year after well abandonment. All seeding on the well site and abandoned roads will be done in the fall. The sump located on the drill site shall be fenced immediately after construction. EL PASO shall be responsible for all of EL PASO's authorized persons using the drill site and shall be responsible for any damages occasioned by such use, whether such damage occurred through the acts of EL PASO, its personnel, agents, contractors or subcontractors (including "Turn Key" operations.) All of such use shall be in accordance with acceptable safety and conservation practices.

5. EL PASO shall have the right to assign its rights under this Agreement to any assignee, PROVIDED, HOWEVER, that before any such assignment shall become effective, each and every assignee shall first assume the obligations of EL

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(LHD Agreement)

PASO under this Agreement and agree in writing to be bound by the terms and provisions of this Agreement. The rights of TWIN BUTTES shall be freely assignable.

6. EL PASO agrees to defend, indemnify and save TWIN BUTTES harmless of and from all claims and demands whatsoever nature arising from or connected with the operations of EL PASO, its personnel, agents contractors or subcontractors (including "Turn Key" operations) and from the use of TWIN BUTTES property by EL PASO, its personnel, agents, contractors (including subcontractors). TWIN BUTTES agrees to defend, indemnify and save EL PASO harmless from all claims and demands of whatsoever nature arising from or in any way connected to the operations of TWIN BUTTES, its personnel, agents, contractors and subcontractors.

7. As consideration for this Agreement, and during the entire term of this Agreement, EL PASO agrees to pay TWIN BUTTES the following:

- a. The sum of _____ (\$ _____) Dollars payable in advance of the commencement of the well.
- b. For the calendar year _____, and for each subsequent year the sum of _____ (\$ _____) Dollars per calendar year, payable on or before the first day of November of each such calendar year.

If EL PASO abandons a well and ceases production therefrom, payments for the well shall stop as of the end of the calendar year during which EL PASO shall complete all restoration work required and notify TWIN BUTTES in writing that it has ceased production and abandoned said well.

8. This Agreement shall continue in effect so long as production operations are carried on, unless the same is terminated as provided in this Agreement.

9. If EL PASO shall fail to make any payment herein specified or shall fail to perform any of its other covenants as set forth in this Agreement, TWIN BUTTES shall give written notice of termination to EL PASO setting forth the default complained of and unless the default specified in such notice is remedied within sixty (60) days after such notice is given, this Agreement shall terminate insofar as EL PASO's rights are concerned and all access and surface use of EL PASOS shall thereupon terminate and be of no further force and effect and its use of the roadway shall be deemed a trespass in so far as it pertains to Well LHDU 2175. Any such termination shall not prevent TWIN BUTTES from recovering damages occurring by reason of EL PASO'S failure to perform its covenants as set forth in this Agreement and to collect all amounts due under the provisions of this Agreement for the then current year. (This termination provision shall not apply in the event that EL PASO is restricted by a local, state or federal regulatory agency from remedying the default within the 60 day time frame.)

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(LHD Agreement)

10. If either party shall be required to commence legal proceedings against the other party to enforce the provisions of this Agreement, the non-prevailing party agrees to pay all cost of such proceedings, including a reasonable attorney's fee.
11. Any notice to be given hereunder may be given by mailing the same by registered or certified mail, return receipt requested, addressed to the parties at the following addresses:

Twin Buttes Land Co., LLC
P.O. Box 323
Rangely, Colorado 81648

EL PASO Production Oil & Gas Company
Attn: Director of Land
Nine Greenway Plaza
Houston, Texas 77046-0995

12. All operations of EL PASO shall be conducted in a manner so as not to unreasonably interfere with TWIN BUTTES use of said property. Without limiting the generality of the foregoing provisions, EL PASO, its agents, contractors and subcontractor (including "Turn Key" operations) shall not do or permit to be done any of the following:

- a. No access for servicing the wells except between the hours of 10 a.m. and 3 p.m. during all Big Game Hunting Seasons, except in cases of an emergency (ex. Ruptured pipe);
- b. No hunting or camping shall be permitted on Fee Lands;
- c. Personnel shall not bring any dogs, horses or other animals upon the Fee Lands in vehicles or otherwise;
- d. No firearms shall be brought upon the Fee Lands in vehicles or otherwise;
- e. No vehicles or equipment shall be parked on the Fee Lands, and care must be taken to not block the designated roadways;
- f. Personnel employed by EL PASO, its agents, contractors and subcontractors (including "Turn Key" operations) shall not drive or wander off the designated roads and are not permitted to use any roads on the Fee Lands except the designated roadway;
- g. Personnel employed by EL PASO, its agents, contractors and subcontractors (including "Turn Key" operations) shall not throw trash, cans or bottles along the roadway or around the well sites. Any trash, cans or bottles found in the area shall be removed by EL

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(LHD Agreement)

PASO immediately after drilling and completion and each year thereafter;

h. Personnel shall not bring any drugs or alcohol upon the Fee Lands.

13. Subject to the foregoing provisions, this Agreement shall be binding upon the successors and assigns of EL PASO and shall be binding upon and inure to the benefit of the heirs, personal representatives and assigns of TWIN BUTTES.

IN WITNESS WHEREOF, the parties hereto have executed this Access and Surface Use Agreement as of the day and year first above written.

EL PASO PRODUCTION OIL & GAS COMPANY

TWIN BUTTES LAND CO., LLC

SAMPLE

Davie D. Robertson, Manager

ATTEST:

Cheryl D. Robertson

Scott A. Robertson

Owen C. Robertson

Karen K. Latham

Tax ID #

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(LHD Agreement)

to restore the surface area and pay all damages occasioned by such use. TWIN BUTTES shall have the unrestricted right to use such road and to authorize other persons, firms or entities to use such road. The use of such road by EL PASO shall be limited to EL PASO and its authorized representatives, contractors, and subcontractors and shall be limited to business purposes. EL PASO shall be responsible for all of EL PASO'S authorized persons using such road and shall be responsible for any damage occasioned by such use, whether damage occurs through the acts of EL PASO, its personnel, agents, contractors or subcontractors (including "Turn Key" operations). All of such use shall be in accordance with acceptable safety and conservation practices. EL PASO SHALL NOT have the right to grant any additional access or use of such road.

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- a. No access for servicing the wells except between the hours of 10 a.m. and 3 p.m. during all Big Game Hunting Seasons, except in cases of an emergency (ex. Ruptured pipe);
- b. No hunting or camping shall be permitted on Fee Lands;
- c. Personnel shall not bring any dogs, horses or other animals upon the Fee Lands in vehicles or otherwise;

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(LHD Agreement)

- d. No firearms shall be brought upon the Fee Lands in vehicles or otherwise;
- e. No vehicles or equipment shall be parked on the Fee Lands, and care must be taken to not block the designated roadways;
- f. Personnel employed by EL PASO, its agents, contractors and subcontractors (including "Turn Key" operations) shall not drive or wander off the designated roads and are not permitted to use any roads on the Fee Lands except the designated roadway;
- g. Personnel employed by EL PASO, its agents, contractors and subcontractors (including "Turn Key" operations) shall not throw trash, cans or bottles along the roadway or around the well sites. Any trash, cans or bottles found in the area shall be removed by EL PASO immediately after drilling and completion and each year thereafter; and
- h. Personnel shall not bring any drugs or alcohol upon the Fee Lands.

11. Subject to the foregoing provisions, this Agreement shall be binding upon the successors and assigns of EL PASO and shall be binding upon and inure to the benefit of the heirs, personal representatives and assigns of TWIN BUTTES.

IN WITNESS WHEREOF, the parties hereto have executed this Access and Surface Use Agreement as of the day and year first above written.

EL PASO PRODUCTION OIL & GAS
COMPANY

TWIN BUTTES LAND CO., LLC

Davie D. Robertson, Manager

Cheryl D. Robertson

Scott A. Robertson

Owen C. Robertson

Karen K. Latham

Tax ID #

ATTEST:

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