



01100286

## AGREEMENT



THIS AGREEMENT (Agreement) is made and entered into as of the date set forth on the signature page, by and between VISINTAINER SHEEP CO., a Colorado limited partnership (Owner), and CLX ENERGY (Lessee).

### WITNESSETH:

WHEREAS, Owner is in the business of ranching and is the owner of surface rights on the property described on Exhibit A (Property); and

WHEREAS, Lessee has a federal oil and gas lease No. C-17366 on oil and gas underlying the Property and desires to drill one addition well on the Property at a location 660 feet from the south line and 1980 feet from the west line of SE $\frac{1}{4}$  SW $\frac{1}{4}$  Section 23, T9N, R91W, 6<sup>th</sup> P.M., as shown on Exhibit B.

NOW, THEREFORE, in consideration of the premises and of the covenants herein contained, it is mutually agreed as follows:

1. Area Subject to Agreement. The area subject to this Agreement shall be the Property.
2. Ingress and Egress. Owner hereby grants to Lessee the right of ingress and egress over and across the Property for the purpose of drilling, completing for production, operating and producing and/or plugging and abandoning a well located on the Property. The parties shall agree in writing on the alignment of any road or pipeline, the overriding consideration to be the shortest distances with the least disruption to the surface of the Property. Prior to construction of any road or pipeline, Lessee shall pay Owner .            per lineal foot for such road or pipeline. If the pipeline is within the boundaries of the road there shall be no per lineal foot charge for the pipeline. The right-of-way for a road or pipeline shall not exceed twenty (20) feet in width, except on turns and curves where the engineering requirements are for more width. Any pipeline shall be buried to a minimum depth of forty-eight (48) inches below the surface. Any such rights-of-way shall be nonexclusive, Owner reserving the right to use such rights-of-way and to grant additional, successive use of such rights-of-way not incompatible with the rights of Lessee. During drilling of any well, the road right-of-way being used shall be regularly sprayed with water to minimize dust. If a well is completed as a producing well or shut-in well, such right-of-way, at the request of Owner, shall be graveled so that such road is an all-weather road, and Lessee shall install culverts and other improvements as may be necessary for the proper

upkeep, maintenance and drainage of said right-of-way, and for so long as said right-of-way is used by Lessee, it shall be maintained in a state of good condition and repair that is reasonably acceptable to Owner at all times, at the sole cost and expense of Lessee. Any pipeline shall be within the boundaries of the road. There shall be no annual rental charge for a pipeline in a road. In the event a well does not result in a producing well or shut-in well, Lessee will promptly restore any road right-of-way constructed by Lessee, unless used for other access by Lessee. Lessee shall not construct a new road if an existing road provides reasonable access.

3. Well Locations. The well shall be on a drill site which shall not exceed two (2) acres. All ponds, tanks, equipment and other structures of Lessee shall be located on such two (2) acres. Lessee shall pay Owner . per acre for the well location if located on pasture land or . per acre for the well location if located in a field (whether planted or fallow) before work on the location is commenced. For example, if the well was located on pasture land and 1½ acres were used in the site, the payment would be . As soon as the well site is completed, Lessee shall make the well site payment to Owner. At the end of the first year after construction of the location and at the end of each year thereafter, Lessee shall pay . for continued use of the location, access to the location and pipeline in the road into the location. If a well location is placed on an existing road (including 2 track) access around such location shall be provided so that owner can haul sheep in trailers around such location.

4. Gates and Cattle Guards. Any gate designated by Owner to be locked shall remain locked, and Lessee shall either place its own lock upon the designated gate or gates (so that both Owner and Lessee would have locks upon said gate or gates), or Owner shall provide a key or the combination to its lock upon said gate or gates to Lessee. Lessee shall use all reasonable efforts to keep all gates in an open or closed position based upon how Lessee finds such gates and to keep any gate or gates closed and locked that are designated by Owner to be locked. Owner shall have the right to construct additional fences with gates and cattle guards, and such gates and cattle guards shall be used as set forth above.

At the time Lessee makes any road, whether on or off the Property or an all-weather road to access the Property, Lessee, at the request of Owner, shall install a gate or gates and cattle guard or guards where the right-of-way crosses Owner's fences, whether such fences are on or off the Property. Such installation shall be at Lessee's own expense. Such cattle guard(s) shall be the width of the road, not less than eight (8) feet wide, metal with five (5) inches between the rails, built upon a concrete base and they shall be adequate to support a drill rig. A sheep-tight gate shall be installed to the side of the cattle guard(s) and a sheep-tight gate shall be installed across the cattle guard(s). A ditch shall be placed under the cattle guard(s) so borrow pit water will run under the cattle guard(s) and clean it. The cattle guard(s) will be on a mound to accommodate the ditch. Upon installation, such cattle guard(s) shall become the property of

Owner, but the maintenance of such gates and cattle guard(s) shall be at the expense of Lessee during all such time as Lessee uses such road.

The road leading to the proposed well location has a cattleguard upon it which does not meet the above specifications. Owner expects the cattleguard to fail when heavy equipment crosses it. Lessee agrees that if such cattleguard fails, it will replace the cattleguard, at its sole expense, with a cattleguard meeting the above specifications.

5. Location of Improvements. Lessee shall consult with Owner as to the site of any well location on the Property and installation by Lessee of cattle guards and gates and the location of other improvements.

6. Use of Roads. Use of any road shall be nonexclusive, with Owner reserving the right to use such right-of-way and to grant additional, successive uses of such right-of-way to third parties. In the event Owner grants a third party the right to use such right-of-way, said third party shall agree to indemnify and hold Lessee harmless from and against all claims, demands and causes of action of every kind and character by said third party, their employees or assigns unless due to the sole or concurrent negligence or fault of Lessee. Said third party shall further agree to indemnify and hold Lessee harmless from and against all claims of Lessee and all third party claims, demands and causes of action for personal injury, death or property damage arising out of or attributable to said third party's willful or negligent act or omission while using said right-of-way. Lessee hereby agrees to indemnify and hold said third party harmless from and against all claims, demands and causes of action of every kind and character by Lessee, its employees or assigns unless due to the sole or concurrent negligence or fault of said third party. Lessee shall further agree to indemnify and hold said third party harmless from and against all third party claims, demands and causes of action for personal injury, death or property damage arising out of or attributable to Lessee's willful or negligent act or omission while using said right-of-way.

7. Specifications and Restrictions. The following specifications and restrictions shall apply to Lessee's operations on the Property:

A. Water and Ditches. Lessee shall not use or impound Owner's water, whether originating on, stored on or flowing across the Property, and Lessee shall adjudicate any water used by it that it has developed from the Property in Owner's name, which water may be used by Lessee during the term of this Agreement without charge. There shall be no disruption of the flow of irrigation water in ditches caused by Lessee's operations.

B. Maintenance of Roads, Cattle Guards, Gates and Fences. Damage to roads on the Property, or roads used by Lessee to access the Property, caused by activities of Lessee shall be repaired by Lessee promptly at its own expense. The cost of ordinary maintenance of any such roads used by Lessee shall be shared by Lessee and other persons who have access agreements with Owner upon an agreed basis as defined below (Owner having no maintenance obligation). Lessee agrees to maintain all rights-of-way used by it on the Property, or across land used to access the Property, in a state of good condition and repair. In particular, roads shall be maintained with crowns in the center to facilitate drainage, and water bars shall be used to direct water across roads before they wash out and before the side ditches to such roads become unnecessarily deep. Lessee, at its own expense, shall promptly repair or replace cattle guards, gates and fences of Owner's when the need for such repair or replacement is the direct result of Lessee's operations. The cost of ordinary maintenance of cattle guards not installed by Lessee, gates and fences, including the cost of cleaning of cattle guards not installed by Lessee, on the rights-of-way used by Lessee on the Property, or across land used to access the Property, shall be shared by Lessee and other persons who have access agreements with Owner on an agreed upon basis. As used in this paragraph, the term "on an agreed upon basis" shall mean that such third party user, or users, shall contribute to the maintenance of such roads, cattle guards, gates and fences and other such repairs and replacements as may become necessary under the terms of this Agreement in the proportion of such third party's use to the use being made by Lessee and any other contributing third party.

C. Livestock. Lessee shall compensate Owner (or the third party owner if other than Owner) for injury or death to any livestock caused by its employees or its contractors. In the event a well is completed as a well capable of production, Lessee shall, at its own expense, fence the well site location and the accompanying production facilities as agreed with Owner.

D. Seasonal Restrictions.

(i) Owner operates a hunting and guide service in and around the Property during the period of approximately September 1st through November 15th of each year. Lessee anticipates that during such period of time the only access it will require under this Agreement is for the purpose of performing ordinary maintenance work and emergency work on any wells. Lessee agrees to use all reasonable efforts to schedule any discretionary work to times either prior to or following such period. It is understood, however, that weather or contractual obligations of Lessee may require Lessee to conduct operations during such period.

(ii) Lessee agrees to suspend Lessee's operations on all lands owned or controlled now, or hereafter, by Owner, during the lambing and calving season, which shall be no longer than from May 1<sup>st</sup> to May 31 of each year, unless otherwise mutually agreed by Owner and Lessee in writing. In the event an emergency requiring Lessee to enter on such lands should arise during this period, Lessee shall notify Owner of the emergency before entering such lands.

E. General Restrictions.

(i) No entry shall be made onto the Property except as may be required in the operations under the federal oil and gas lease;

(ii) No persons shall be permitted by Lessee to enter upon the Property who are not employees or contractors for Lessee without the prior permission of Owner;

(iii) The consumption of alcoholic beverages of any kind shall not be permitted on the Property;

(iv) Litter from Lessee's personnel and its contractors shall not be allowed to accumulate or remain on any roadways or on the Property;

(v) Hunting for wild game of any type or the chasing of wild game with dogs shall be prohibited on the Property;

(vi) Fishing shall be prohibited on the Property;

(vii) Possession of firearms of any kind, except handguns to provide security for Lessee or its contractors' equipment and facilities, shall be prohibited on the Property; and

(viii) Lessee shall conduct its operations on the Property and across lands owned or controlled now by Owner in a manner that will prevent any significant adverse effects on Owner's operations which may be caused by Lessee's activities and in keeping with this requirement, Lessee shall, among other things, take reasonable steps to reduce and muffle noise from compressors or other equipment installed on the Property.

(vix) There shall be a speed limit for vehicular traffic on all property of Owner of twenty-five miles per hour.

8. Damages. Lessee shall pay Owner for actual damages to growing crops, pasture, livestock and other property of Owner proximately caused by Lessee's activities.

9. Lessee's Enforcement of this Agreement With Its Employees and Contractors. Lessee shall provide its employees and independent contractors with a copy of this Agreement, and in order to insure compliance with its terms, shall take the following action:

A. When necessary, Lessee shall have one of its employees who is familiar with this Agreement physically accompany employees of Lessee's or contractors of Lessee who are unfamiliar with this Agreement, onto the Property and to explain the work to be done thereon by such employee or contractor;

B. If an employee of a contractor of Lessee violates the terms of this Agreement, Lessee will, at Owner's request, ask the contractor to either discharge the employee or prohibit the employee from working on operations of Lessee which are subject to this Agreement; and

C. If an employee of Lessee violates the terms of this Agreement, Lessee shall, at Owner's request, issue a written reprimand to the offending employee, and thereafter if such activity does not immediately cease, discharge such employee or move such employee to other work or operations of Lessee which are not subject to this Agreement.

10. Liens. Lessee shall, at its sole cost, keep the Property free and clear of all liens resulting from its operations.

~~11. Insurance. Lessee shall place and maintain at all times during the term of this Agreement, at its expense, a fire insurance policy and a public liability insurance policy covering the Property and insuring Owner with limits of at least \_\_\_\_\_ for any number of persons injured or killed in one accident: \_\_\_\_\_ for any~~

~~All insurance policies called for herein shall be written by responsible insurance companies reasonably acceptable to and approved by Owner and authorized to do business in the State of Colorado. Certificates of such insurance shall be deposited with Owner and maintained during the term of this Agreement. Each policy of insurance required shall contain or have applicable thereto an undertaking by the insurer thereunder, to the extent obtainable from such insurer, that such policy shall not be canceled or have its coverage materially altered without at least thirty (30) days' prior written notice to Owner, and Lessee shall furnish to Owner Lessee's Commercial Liability coverage declarations are attached hereto as Exhibit "C" and made a part hereof by this reference.~~

*[Handwritten signature]*

~~with respect to any expiring policy reasonable evidence of the replacement or extension of such policy and of the payment of the premium with respect thereto.~~

12. Weed Control, Reclamation, Restoration and Revegetation. Lessee hereby agrees to control noxious weeds on Owner's lands disturbed by Lessee's operations, including well site location, access road to the well site location and pipelines. The control of noxious weeds will be done through successful vegetation establishment and/or herbicide application. Applications of herbicide will be the responsibility of Lessee and will comply with all local, state and federal laws and regulations, as well as labeling directions specific to the use of any given herbicide. Owner shall advise Lessee by certified mail of any noxious weed problem not corrected by Lessee, and Lessee shall have forty-five (45) days after receipt of such notice to control such noxious weeds, weather permitting.

Upon completion of drilling of the well, all area disturbed not needed to maintain such well as a producing or shut-in well, shall be promptly reclaimed, restored and revegetated in conformance with specifications established by Dr. Roy Roath of Colorado State University, Fort Collins, Colorado (native species and sandfoin). If the well is or becomes a nonproducing well, all disturbed area, including right-of-way constructed by Lessee, unless used for other access by Lessee, shall be promptly restored as specified above, with re-seeding to occur in the fall immediately following such disturbance. If, by the fall of the year after the year of reseeded, a stand of vegetation comparable to the adjoining undisturbed area has not be obtained, Lessee shall again reseed the portion of the disturbed area as to which such a stand of vegetation has not been obtained, and similarly annually thereafter, until such a stand of vegetation is obtained, Lessee shall reseed such portion of the disturbed area each fall. In the event that an area required to be restored has not been restored within three (3) months after such restoration is required, or if reseeded has not occurred when required during the fall, a payment of:

shall be made by Lessee to Owner as a payment to delay performance of such work and reseeded for one (1) year period from the date such work was due. An additional shall be due annually until such time as restoration and stand of vegetation as specified above has been completed; provided, however, no such additional payments shall be required if the restoration has been completed, but the required stand of vegetation has not been obtained, so long as the portions of the disturbed area as to which the required stand of vegetation has not been obtained have been reseeded in the fall of that year. Such successive payments shall be due and payable at the same time of the year as the first delayed performance payment of was due and payable.

Prior to the termination of this Agreement, Lessee shall reclaim and restore the Property to the same or better condition than it was in at the date of this Agreement. Without limitation by enumeration, the Property shall be cleared of all debris and equipment (except equipment

related to a dry hole developed for water by Owner); it shall have weeds controlled and shall be revegetated as set forth above; it shall be contoured compatible with the land surrounding the Property; and all liquid, residue and earth containing hydrocarbons or other substances produced by or used in conjunction with the operations of Lessee shall be removed by Lessee and disposed of according to law. Any earth removed shall be replaced or the area of excavation shall be contoured so that no holes or depressions remain.

13. No Interference by Owner. Owner shall not interfere with or obstruct the operations of Lessee under this Agreement in any manner, nor shall it allow any agents, employees or other persons under its supervision and control to interfere with or otherwise obstruct Lessee's operations under this Agreement.

14. Right to Assign The rights of Owner and Lessee may be assigned in whole or in part. Written notice shall be given to Owner or to Lessee of any assignment. Lessee shall not be relieved of any obligation under this Agreement unless consent to such relief is given by Owner in writing. This Agreement shall be binding on all successors and assigns of the parties.

Notwithstanding the foregoing provisions, Lessee may not assign any rights under this Agreement to Flying J, Jack Grynberg, any family member of Jack Grynberg, Grynberg Petroleum Co. (or any other organization of which Jack Grynberg is a participant), Julender Energy or any other entity related to any of those named entities. This paragraph shall be effective to the extent not prohibited by law.

15. Default. In the event of default by either party hereto as to any of the terms and conditions of this Agreement, including a timely payment of any sums of money heretofore provided, the other party shall notify the defaulting party of such default, and the defaulting party shall have twenty (20) days after receipt of such notice within which to cure such default. In the event such default is not of a nature which can be cured within twenty (20) days, the defaulting party shall promptly commence to cure such default and shall proceed diligently to cure such default even though such curative work may extend beyond such twenty (20) day period. In the event that the defaulting party does not cure a default within the twenty (20) days set forth or, as to a default which cannot be cured within such twenty (20) days does not proceed promptly and diligently, then the other party shall have the right to enforce this Agreement in court. All expenses, including attorneys' fees incurred by the prevailing party enforcing its rights under this Agreement shall be paid by the nonprevailing party.

16. Notices. Notices hereunder shall be in writing and delivered personally or sent by United States certified mail, return receipt requested, postage prepaid, addressed as follows:

Visintainer Sheep Co.  
Post Office Box 395  
Craig, Colorado 81625

500 # 115

CLX Energy  
518 17<sup>th</sup> Street  
Denver, Colorado 80202

Notice shall be effective upon delivery or placement in the United States mail.

17. Term of Agreement. The term of this Agreement shall be for the same period as the federal oil and gas lease. However, the termination of this Agreement shall not relieve Lessee of any obligations incurred by it prior to the date of such termination.

18. Entire Agreement. The parties hereto acknowledge that this instrument and the Lease constitutes the entire agreement between them, and that neither party has made representations, warranties or agreements other than as set forth herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as  
July 11, 2000.

VISINTAINER SHEEP CO.,  
a Colorado limited partnership

By Louis Dean Visintainer  
Louis Dean Visintainer, General Partner  
OWNER

ATTEST:

CLX ENERGY

Linda C. Goldsby  
Linda C. Goldsby  
Assistant Secretary

By E. J. Henderson  
E. J. Henderson, President  
LESSEE

ACKNOWLEDGMENTS

STATE OF COLORADO )  
 ) ss.  
COUNTY OF MOFFAT )

The foregoing instrument was acknowledged before me this 20 day of July, 2000, by Dean Visintainer, as General Partner of Visintainer Sheep Co., a Colorado limited partnership, Owner.

Witness my hand and official seal.

My commission expires: My Commission Expires July 16, 2001

Joanna L. Hatten  
Notary Public

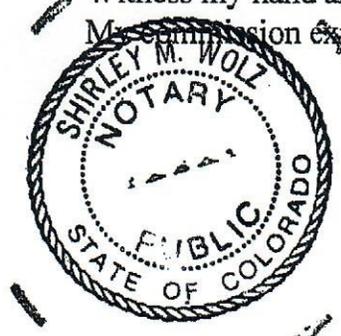


STATE OF COLORADO )  
 ) ss.  
COUNTY OF Denver )

The foregoing instrument was duly acknowledged before me this 12th day of July, 2000, by E. J. Henderson, as President of CLX Energy, Lessee.

Witness my hand and official seal.

My commission expires: 9/29/03



Shirley M. Wolz  
Notary Public Shirley M. Wolz

Township 9 North, Range 91 West, 6<sup>th</sup> P.M., Moffat County, Colorado:

Section 23: SE $\frac{1}{4}$  SW $\frac{1}{4}$

LOCATION  
BLUE GRAVEL 3-23

ING LEASE ROAD



FT. NEW ROAD

EXISTING 2-TRACK



CLX ENERGY  
BLUE GRAVEL 3-23  
180' FWL, 660' FSL  
SECTION 23, T-9-N, R-91-W  
KIT COUNTY, COLORADO

Exhibit B

USGS QUAD CRAIG NE, COLORADO

