3197195 07/08/2004 04:08P Weld County, CO 1 of 12 R 76.00 D 0.00 Steve Moreno Clerk & Recorder RECORDER'S MEMORANDUS THIS DOCUMENT WAS FO TO BE INADEQUATE FOR SCANNING PURPOSES.

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") is made and entered into this 18th day of June, 2004, by and among ANADARKO E&P COMPANY LP ("Anadarko E&P"), formerly known as RME Petroleum Company and Union Pacific Resources Company, and ANADARKO LAND CORP. ("Anadarko Land"), formerly known as RME Land Corp. and Union Pacific Land Resources Corporation (together the "Anadarko Entities"), both with an address of Post Office Box 1330, Houston, Texas 77251-1330 and SADDLER ARENA, LLC ("Surface Owner") with an address of 1801 Broadway, Suite 1460, Denver, Colorado 80202.

A. Surface Owner owns the surface estate for property located in Weld County, Colorado, described as the S/2 of Section 9, Township 7 North, Range 67 West, which is hereinafter referred to as the "Property."

B. Surface Owner proposes to develop the surface estate as a residential subdivision and has filed an application with the Town of Severance ("Town") to approve a plat for the subdivision.

C. The Anadarko Entities own all of the minerals that underlie the Property.

D. Anadarko Land owns all of the minerals other than the oil, gas and associated liquid hydrocarbons that underlie the Property, as well as a reversionary interest in the oil, gas and associated liquid hydrocarbons, and Anadarko E&P owns all of the oil, gas and associated liquid hydrocarbons.

E. This Agreement provides for and is limited to the compatible development of the surface estate and the oil and gas estate for the Property; it does not in any respect apply to the minerals other than the oil, gas and associated liquid hydrocarbons that are owned by Anadarko Land and that are the subject of a separate agreement between Surface Owner and Anadarko Land.

NOW THEREFORE, in consideration of the covenants and mutual promises set forth in this Agreement, including in the recitals, the parties agree as follows:

1. <u>Oil and Gas Operations Areas.</u>

a. The Anadarko Entities shall drill and operate oil and/or gas wells and locate future oil and/or gas wells only in the two areas depicted on Exhibit A as the Oil and Gas Operations Areas. Operations and uses within the Oil and Gas Operations Areas include, but are not limited to, drilling, completion, and maintenance of wells and equipment, production operations, workovers, well recompletions and deepenings, fracturing, twinning, the drilling of replacement wells and the location of associated oil and gas production and drilling equipment and facilities.

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b. The Oil and Gas Operations Areas are generally located near the centers of the SE/4 and the SW/4 and shall include the areas which are depicted on Exhibit A as rectangles that are 400 feet by 400 feet.

c. The Anadarko Entities shall continue to have the right to drill more than one well with attendant facilities within each Oil and Gas Operations Area and to deepen, recomplete or twin any well that is drilled, as well as drill directional and horizontal wells that produce from and drain the Property or lands other than the Property.

d. The Anadarko Entities shall locate, build, repair and maintain tanks, separators, dehydrators, compressors and all other associated oil and gas drilling and production equipment and facilities only within the Oil and Gas Operations Areas.

e. Surface Owner shall not plat any surface property line within the Oil and Gas Operations Areas, and no building, structure, or other temporary or permanent improvement shall be constructed or installed by Surface Owner within the Oil and Gas Operations Areas. The Oil and Gas Operation Areas shall be for the exclusive use of oil and gas drilling and production operations.

2. Access to the Oil and Gas Operations Areas.

a. Access to each of the Oil and Gas Operations Areas shall be at the locations shown on Exhibit A.

b. Access to an Oil and Gas Operations Area may be changed by mutual agreement of the Surface Owner and the operator(s) of the well(s) for which the access is used; provided however, all costs and expenses of such relocations shall be borne by the party which requests the relocation.

c. Surface Owner shall keep the portions of access roads jointly used by both Surface Owner and its subdivision occupants and the Anadarko Entities in good condition and repair until such roads are dedicated to the local jurisdiction; provided, however, if one of the Anadarko Entities causes damage to a portion of a road that is jointly used by both the oil companies and Surface Owner or its subdivision occupants and which is constructed in accordance with section 2.e.(1), the Anadarko Entities agree to promptly repair any damage which they cause which is a direct result of their use of the road.

d. No party shall unreasonably interfere with the use by the other of an access road.

e. <u>Construction and Width of Access Roads</u>.

(1) Access roads or portions of access roads that are jointly used by the Anadarko Entities and Surface Owner shall be thirty (30) feet in width, and Surface Owner shall construct or improve all paved or improved joint access



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roads so as to withstand the weight of oilfield equipment. Specifically, Surface Owner shall construct the roads so that they can be used to withstand the weight of 104,000 pounds and 26,000 pounds per axle.

(2) Access roads or portions of access roads that are used exclusively by the Anadarko Entities shall be thirty (30) feet in width, and the Anadarko Entities shall install and maintain them to those state and local standards that apply to oil and gas operations.

3. Pipelines, Flowlines and Pipeline Easements.

a. Pipeline easements shall be at the locations identified on Exhibit A, and pipelines shall be installed at depths of approximately forty eight (48) inches below the surface of the ground.

b. Locations of pipelines and pipeline easements may be changed by mutual agreement of the applicable parties; provided, however, all costs and expenses of such relocations shall be borne by the party which requests the relocation. In the event that Surface Owner requests the relocation of a pipeline or flowline, the applicable oil company shall provide Surface Owner with a written estimate of the relocation costs which Surface Owner shall thereafter promptly remit to the oil company. The payment shall be adjusted up or down upon completion of the work and after an itemized statement is provided to Surface Owner.

c. Pipeline easements shall be fifty (50) feet in width during construction activities and thirty (30) feet in width for all operations, maintenance and transportation activities. Flowline easements shall be thirty (30) feet in width for all operations.

Surface Owner shall be entitled to reserve the right to cross the pipeline d. easements at approximately right angles, and Surface Owner shall also have the right to install and maintain easements for utility lines, including those for water, gas, sewer, electric, telephone, cable, television and fiber optic and other pipelines, only within the south twenty feet of the fifty foot pipeline easements provided for herein; provided, however, (i) any new underground facilities which travel within the pipeline easement identified herein shall be located a distance horizontally of at least ten (10) feet from parallel existing pipelines; (ii) any new underground facilities shall have at least twentyfour (24) inches of vertical clearance between such new facility and a pipeline provided for herein; and (iii) any overhead power lines shall be at least twenty (20) feet above the ground.; provided further, Surface Owner understands and agrees that the Anadarko Entities may use that property which is swath that is twenty feet to the north and adjacent and to the north boundary of the pipeline easement for construction and maintenance purposes in the event that other facilities are installed within the twenty foot south portion of the pipeline easement for other utilities as provided for herein.

e. Surface Owner shall grant the pipeline easements (for production from the Property and/or other lands) to the applicable oil and gas interest owners at the time the

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Anadarko Entities request them and at no cost to them.

f. Surface Owner shall maintain a minimum ground cover of 48 inches and not more than 72 inches over pipelines and flowlines in the conduct of its operations and its construction activities on the Property.

4. <u>Subdivision Plat</u>. Surface Owner shall identify the Oil and Gas Operations Areas and all access and pipeline easements on its subdivision plats and in all applications for development that it files with a local jurisdiction, and the plats shall include restrictions that no property lines, or temporary or permanent buildings, structures, or other improvements shall be located, constructed or installed within the Oil and Gas Operations Areas. Surface Owner shall record the subdivision plat in the Office of the Clerk and Recorder of Weld County and provide written evidence to the Anadarko Entities within fifteen (15) days of recording.

5. <u>Waiver of Surface Damage Payments</u>. Surface Owner hereby waives all surface damage payments pursuant to any Colorado Oil and Gas Conservation Commission ("COGCC") rule or regulation or local regulation, state statute, common law or prior agreement for each and every well and related wellsite that is drilled within an Oil and Gas Operations Area and for each production facility, pipeline easement and access road. The Anadarko Entities or their lessees or their assignees may provide a copy of this Agreement to the COGCC or to any local jurisdiction, person or entity or any court of law as evidence of this waiver.

6. Waiver of Setbacks and Other Requirements. Surface Owner understands and acknowledges that the COGCC has rules and regulations that apply to the distance between a wellhead and public roads, production facilities, building units and surface property lines, among other things. Surface Owner hereby waives all setback requirements in COGCC Rule 603, or any successor rule or amendment to the COGCC setback rules, and to any other state or local setback requirements, or other requirements or regulations, that are or become inconsistent with this Agreement or that would prohibit or interfere with the rights of the Anadarko Entities or their lessees and assignees to explore for and produce the oil and gas in accordance with this Agreement. Surface Owner understands, and shall notify parties who purchase all or portions of the Property from Surface Owner, that the Anadarko Entities may cite the waiver in this section 6 in order to obtain a location requirement exception or variance under COGCC rules or from a local jurisdiction.

7. <u>Governmental Proceedings</u>.

a. <u>Surface Owner Will Not Object</u>. Surface Owner agrees that it will not object in any forum to the use by the Anadarko Entities of the surface of the Property consistent with this Agreement and hereby waives any such right to object. Surface Owner further agrees that it will provide such other written approvals and waivers which are reasonably requested by the Anadarko Entities and consistent with this Agreement, including, but not limited to, all approvals and waivers to drill a well or to conduct oil



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and gas operations on the Property because of any law or regulation, including any local ordinance and regulations of the COGCC, and including, for example, waivers to state and local setback requirements and to any setback requirements from a surface property line or for an exception location.

b. <u>Anadarko Entities Will Not Object</u>. The Anadarko Entities agree that they will not object in any forum to a request by Surface Owner to annex, zone, rezone, plat or replat all or any portion of the Property to the extent such request is consistent with this Agreement.

8. <u>Notices of Hearings</u>. Surface Owner shall provide the Anadarko Entities with written notice not less than thirty (30) days before each hearing for consideration of a plat application or other land use application for the Property or portions of the Property that is to be held before the Town or other local jurisdiction.

9. <u>Notice to Homeowners and Builders</u>. Surface Owner shall furnish all builders and developers which purchase all or any portion of the Property and each person or entity who proposes to enter into a contract to purchase a lot which is adjacent to, or any part of which is within, 350 feet from an Oil and Gas Operations Area or a pipeline easement, with a plat that shows the locations of the Oil and Gas Operations Areas, access routes, and pipeline easements. In addition, Surface Owner shall provide written notice to all such purchasers that includes the following:

a. they are not purchasing and will not own any rights in the oil, gas and mineral estate in and to the Property;

b. there may be ongoing oil and gas operations and production on the surface of the Property within the Oil and Gas Operations Areas, pipeline easements and access routes;

c. there are likely to be wells drilled and oil and gas production facilities constructed and installed within the Oil and Gas Operations Areas and flowlines and pipelines constructed and maintained on the Property;

d. heavy equipment will be used by the Anadarko Entities from time to time for oil and gas drilling and production operations and such operations may be conducted on a 24-hour basis; and

e. homeowner associations and buyers of individual lots or homes will be subject to and burdened by all of the covenants and waivers made by Surface Owner in this Agreement, including, but not limited to those covenants and waivers i) prohibiting the location of any building, structure, or other improvement within the Oil and Gas Operations Areas; ii) waiving objections to the drilling of wells, the construction of facilities, and the conduct of oil and gas operations on the Property consistent with this Agreement; and iii) waiving



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objections to the setback requirements under the rules and regulations of the COGCC or any local jurisdiction.

10. <u>Notice of Oil and Gas Operations</u>. The Anadarko Entities shall provide Surface Owner with notice of drilling operations and subsequent well operations in accordance with COGCC rules and regulations.

11. <u>Impact Mitigation</u>.

a. <u>Oil Company Mitigation</u>. The Anadarko Entities agree that they shall install and maintain at their sole cost and expense such fences, gates and locks around the wells and production facilities as are required by the COGCC. Surface Owner may upgrade fences, gates and locks at Surface Owner's expense and with the consent of the Anadarko Entities, such consent not to be unreasonably withheld, and provided that such fences, gates and locks comply with COGCC and local regulations.

b. <u>Surface Owner Mitigation</u>. Except as provided in section 11.a., Surface Owner shall bear all costs and expense to install such noise and visual impact mitigation measures it desires or the Town or any other local jurisdiction requires at or around the Oil and Gas Operations Areas which are in excess of or in addition to those measures which are required by COGCC regulations for areas which are not high density; provided, however, the operator of the well at the particular Oil and Gas Operations Areas shall have reasonable discretion to veto or protest the types and locations of impact mitigation measures in order to allow for safe oil and gas operations.

12. <u>Individual Liability of Oil Companies</u>. Nothing in this Agreement is intended to create a cause of action by any oil company against any other oil company or to enlarge or diminish any right or interest created by any lease or assignment of lease between or among the Anadarko Entities and any other oil company, including any lessee, farmoutee, or assignee of either of them. The liability of the oil companies to perform any obligation or comply with any covenant hereunder or to comply with any state or local rule or regulation is individual and not joint or collective. This Agreement does not create a joint venture or partnership between or among any of the oil companies which now have or which may in the future own oil and gas interests in the Property. The Anadarko Entities shall in no event be liable for the acts or omissions of their lessees, assignees of such lessees, farmoutees, or the contractors and subcontractors of any of them.

13. <u>Authority to Execute Agreement</u>. Each party represents that it has the full right and authority to enter into this Agreement with respect to the surface rights or oil and gas interests it owns in the Property, as applicable.

14. <u>No Waiver of Rights</u>. The Anadarko Entities do not waive the rights they have pursuant to their respective oil and gas interests to explore for, drill and produce the oil and gas for the Property or for ingress and egress to the Oil and Gas Operations Areas, except as specifically provided in this Agreement.

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15. <u>Successors and Assigns</u>. This Agreement and all of the covenants in it shall be binding upon the personal representatives, heirs, successors and assigns of all of the parties, and the benefits of this Agreement shall inure to their personal representatives, heirs, successors and assigns. This Agreement and all of the covenants in it shall be covenants running with the land.

16. <u>Recording</u>. The Anadarko Entities shall record this Agreement with the Clerk and Recorder of Weld County and provide evidence to Surface Owner of the recording.

17. <u>Governing Law</u>. The validity, interpretation and performance of this Agreement shall be governed and construed in accordance with the laws of the State of Colorado without reference to its conflicts of laws provisions.

18. <u>Severability</u>. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it conflicts with such laws; however, the remainder of this Agreement shall be in full force and effect. In the event that any part of this Agreement would otherwise be unenforceable or in conflict with applicable laws due to the term or period for which such part is in effect, the term or period for which such part of this Agreement shall be in effect shall be limited to the longest period allowable which does not cause such part to be unenforceable or in conflict with applicable laws.

19. <u>Notices</u>. Any notice or other communication required or permitted under this Agreement shall be given in writing either by i) personal delivery; ii) expedited delivery service with proof of delivery; iii) United States mail, postage prepaid, and registered or certified mail with return receipt requested; or iv) prepaid telecopy or fax, the receipt of which shall be acknowledged, addressed as follows:

Anadarko E&P and: Anadarko Land	Anadarko E&P Company LP Attention: Mid-Continent Development Land Manager Post Office Box 1330 Houston, Texas 77251-1330
Surface Owner:	Saddler Arena, LLC 1801 Broadway, Suite 1460 Denver, Colorado 80202

Notices shall be effective upon receipt and any party may change an address by notice to the other parties.

20. <u>Incorporation by Reference</u>. Exhibit A is incorporated into this Agreement by this reference.

21. <u>Entire Agreement</u>. This Agreement sets forth the entire understanding among the parties and supersedes any previous communications, representations or agreements, whether oral or written. No change of any of the terms or conditions herein shall be valid



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or binding on any party unless in writing and signed by an authorized representative of each party.

22. <u>Counterpart Executions</u>. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS WHEREOF, the undersigned parties have caused this Agreement to be executed by a duly authorized representative on the date and year first above written.

SADDLER ARENA, LLC

By: Name: 1 1/2/1 Iman Its:

ANADARKO E&P COMPANY LP

By: Name: Michael S. Dollarhide

Its: Land Manager, Midcontinent

ANADARKO LAND CORP.

By:

Name: <u>Michael S. Dollarhide</u> Its: <u>Land Manager, Midcontinent</u>

ACKNOWLEDGMENTS

STATE OF TEXAS		
COUNTY OF MONTGOMERY) SS.	
<u>Ame</u> , 2004, by	nt was acknowledged before me this 29 th day Michael S. Dollarhide for ANADARKO E&P COMPANY LP.	of as
My Commission expires:	9-10-06	
	Witness my hand and official seal.	
MARILYN PRESGROVE Notary Public State of Texas My Commission Expires September 10, 2006	Harilyn Riesgrove Notary Public	

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STATE OF TEXAS)) ss.
COUNTY OF MONTGOMERY)
Land Manager, Midcontinent	was acknowledged before me this 29th day of <u>Michael S. Dollarhide</u> , as for ANADARKO LAND CORP. <u>9-10-06</u>
My Commission expires.	Witness my hand and official seal.
MARILYN PRESGROVE Notary Public State of Texas My Commission Expires September 10, 2006	Marily Public Pusque
STATE OF COLORADO City and County of <u>Derver</u> The foregoing instrument wa <u>June</u> , 20 <u>Manager</u> My Commission expires:)) ss.) as acknowledged before me this <u>18</u> day of 004, by <u>Duzin Imme</u> , as for SADDLER ARENA, LLC. My Commission Expires Nov. 14, 2006 Witness my hand and official seal.

Sharen Abbott Notary Public







