

**SURFACE USE  
AGREEMENT**

THIS AGREEMENT is made and entered into this 31<sup>st</sup> day of August, 1998, by and between Patina Oil & Gas Corporation, a Delaware corporation, 1625 Broadway, Suite 2000, Denver, Colorado 80202 ("Patina"), and ST-Firestone, LLC, 4190 N. Garfield Avenue, Loveland, Colorado 80538 ("ST-Firestone").

WHEREAS, Patina is the owner of certain oil and gas leasehold rights under the following lands ("the Lands"):

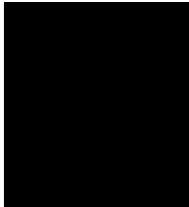
Township 2 North, Range 67 West, 6th P.M.  
Section 6: SW¼  
Weld County, Colorado

WHEREAS, Patina's leasehold rights include, among other things, the right of ingress and egress for the purposes of exploration, development, completion, recompletion, re-entry, production and maintenance operations associated with certain existing and potential additional oil and gas wells (the "Wells"), and their associated flowlines and production facilities located on the Lands;

WHEREAS, ST-Firestone is the owner of the surface rights to the Lands and ST-Firestone is in the process of developing the surface into a residential and commercial development described as the Oak Meadows Subdivision (the "Subdivision") within the Town of Firestone;

WHEREAS, as a Condition of Approval for the Final Development Plan for the Subdivision, the Town of Firestone requires an agreement between Patina and ST-Firestone regarding the relocation of flowlines;

NOW, THEREFORE, in consideration of the mutual promises contained herein, the benefits to be derived by each party hereunder, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. ST-Firestone agrees that Patina's access to the Wells and their associated production facilities shall not be unreasonably interrupted by ST-Firestone or by its agents, employees, contractors or licensees.
  
  2. (a) ST-Firestone acknowledges that Patina, as the owner of oil and gas leasehold rights covering the Lands, claims the right to drill additional wells proximate to the Coors V6-11, Coors V6-13 and Coors V6-14 wells, and the parties agree that such additional wells will be located as close to the existing wellbores as is reasonably practicable, consistent with sound engineering practice (estimated to be approximately 75 feet). With regard to any such additional well, Patina agrees to locate the wellbore so that a circle with a 150 foot radius surrounding such wellbore does not impinge on any building lots in Filing 1, 2 or 3 of the Subdivision as shown on Exhibit "A", attached hereto and made a part hereof.
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(b) Patina agrees to release and relinquish its rights to drill any wells with surface locations in the center of the SW quarter section or in the center of the NW/SW quarter/quarter section of the Lands as would otherwise be permitted under Rule 318A of the Colorado Oil & Gas Conservation Commission (the "Greater Wattenberg Area Special Well Location Rule") and to provide ST-Firestone with a recordable instrument to such effect. Other than the three potential new wells specified in paragraph 2(a) and any reasonable expansion of existing access roads, Patina agrees not to drill any additional wells or construct any new access roads on the Lands, whether or not Patina becomes entitled to drill any more wells under any change in existing spacing rules. Patina shall provide ST-Firestone with a recordable instrument to such effect.

(c) ST-Firestone agrees that Patina's obligations hereunder, including, but not limited to Patina's relinquishment under paragraph 2(b) hereof of its right to drill certain additional wells at the surface locations specified therein, constitutes the full and entire consideration to be paid by Patina to ST-Firestone in conjunction with Patina's exercise of its rights to occupy and use so much of the surface of the Lands as is reasonably necessary for Patina's oil and gas operations thereon.

(d) If, by reason of Patina's operations, there is damage to personal property located on the Lands or if there is damage to the Lands caused by the negligence of Patina or an unreasonable use of the Lands by Patina that is not associated with reasonable and normal drilling, testing, completion, recompletion, reworking, re-entry, pumping, production and maintenance operations, such as damage to structures, fences, culverts and cement ditches, such damage shall be repaired or replaced by Patina or Patina shall promptly pay ST-Firestone for such damage.

(e) ST-Firestone shall have no liability for the release or discharge by Patina, its contractors or agents, of oil, gas or any other substance on or under the property, except as any such release or discharge is caused in whole or in part by ST-Firestone, ST-Firestone's tenant, licensees, invitees, or agents and Patina will indemnify and hold ST-Firestone harmless from and against all costs and expenses (including reasonable attorneys' fees) for any such release or discharge by Patina.

(f) As to and only as to operations conducted on the Wells (as defined in this Agreement) and subject to Patina's compliance with the terms of this Agreement, except as provided in Paragraphs 2(d) and 2(e) hereof, ST-Firestone, for itself, and its successors and assigns, does hereby release, relinquish and discharge Patina, its successors and assigns from all claims, demands, damages and causes of action, past, present and future, that ST-Firestone may have by reason of the occupancy of the Lands by Patina and all other damage or injury to the Lands caused by Patina's oil and gas operations. With respect to the flowlines to be abandoned pursuant to



Paragraph 4, the same will be abandoned in accordance with the applicable rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) and Patina will remediate contamination, if required by COGCC rules and regulations, regardless of when such contamination is discovered.

3. ST-Firestone and Patina agree that the Wells, production facilities, access roads and flowlines will be located as shown on Exhibit “A”.
4. (a) Upon payment by ST-Firestone of \$15,000 in immediately available funds, Patina agrees to abandon, pursuant to COGCC rules and regulations, the existing underground flowlines, to relocate and install new flowlines and to construct a new production facility for the Coors V 6-13, Coors V 6-14 and Coors V 6-13Ji & 14Ji wells. Patina agrees to install “low profile” product tanks at such new production facility. ST-Firestone will survey and field stake the new production facility and flowline locations prior to the commencement of installation operations. Patina agrees to complete the relocation operation within sixty (60) days from the later of (i) the date Patina receives written notice from ST-Firestone that the field staking is complete or (ii) the date ST-Firestone makes the payment to Patina provided for herein.  
  
(b) Within ten (10) days from the receipt from Patina of written notification that the flowline abandonment and installation operations have been completed in accordance with Paragraph 4(a), ST-Firestone will pay to Patina the amount of \$10,000 in immediately available funds.
5. ST-Firestone will not construct or cause to be constructed any buildings, structures, fences, landscaping or other improvements that would interfere with Patina’s access to the Wells and production facilities, and shall provide a twenty (20) foot easement for the flowlines to be installed by Patina. Patina will be responsible for controlling noxious weeds in such flowline easement. Patina will prepare a recordable document for execution by ST-Firestone establishing such easement.
6. (a) Prior to the time the Coors V 6-13Ji well has been drilled and completed by Patina, ST-Firestone will not construct any building or other improvement within 350 feet of its staked location. ST-Firestone represents to Patina that it knows the proposed location of the Coors V6-13 Ji well and the 350 foot area around the Coors V6-13 Ji well that is subject to this Agreement.  
  
(b) ST-Firestone will not release any lots in Filing 2 or 3 for the building of any occupied structure for a period of fifteen (15) months from the date of this Agreement. Prior to releasing any lots in Filing 2 or 3 of the Subdivision for the building of any occupied structure within 350 feet of the Coors V6-11 or Coors V6-14 wells, ST-Firestone will provide Patina with ninety (90) days advance written notice.

(c) ST-Firestone agrees that no occupied dwelling will be constructed closer than 150 feet from the Wells and production facilities. ST-Firestone further understands and agrees that Patina will need reasonable access to and use of the 150-foot radial area around the Wells for completion, recompletion, re-entry, workover and plugging operations necessary or convenient to its operations on the Lands.

7. Prior to commencing any landscaping or constructing any visual buffering within a one hundred fifty (150) foot radius of the Wells and production facilities, ST-Firestone will consult with, and obtain approval from, Patina to insure that there are no adverse impacts upon Patina's access and its ability to perform future operations. Such approval shall not be unreasonably withheld. Any such landscaping or other visual buffers will be installed and maintained by ST-Firestone at its sole cost and expense and may be subject to removal by Patina, without compensation to ST-Firestone, as necessary or convenient for Patina's oil and gas operations but Patina shall attempt to minimize any impact upon such landscaping.
8. This Agreement constitutes written consent of ST-Firestone for Patina to conduct such oil and gas operations on the Lands as it deems necessary or convenient to the development of its leasehold subject to the terms and conditions contained herein. This Agreement also constitutes ST-Firestone's written acknowledgment that Patina has provided an appropriate Notice of Drilling in accordance with Rules 305.b(1) and 305.c of the COGCC and has properly engaged in Drilling Consultation with ST-Firestone in accordance with Rule 306.a(1) of the COGCC.
9. This Agreement will be binding upon and inure to the benefit of the parties hereto and their successors and assigns.
10. Patina acknowledges that in its operations on the Lands, it is subject to and shall comply with all applicable laws, specifically including, without limitation, all rules and regulations of the COGCC. ST-Firestone acknowledges that this Paragraph 10 does not create any claim in contract for any violation of any such rule or regulation by Patina.

The parties hereto agree that the following names and addresses will be used for notice purposes:

Patina Oil & Gas Corporation  
Attn: Land Manager  
1625 Broadway, Suite 2000  
Denver, CO 80202  
Telephone: (303) 389-3600



ST-Firestone, LLC  
Attn: Joe Tarantino  
Leo Schuster  
4190 N. Garfield Avenue  
Loveland, CO 80538  
Telephone: (970) 669-8600

ATTEST:

[Redacted Signature]

David J. Kornder  
Secretary

PATINA OIL & GAS CORPORATION  
a Delaware corporation

[Redacted Signature]

By: David W. Siple  
Vice President

ST-FIRESTONE, LLC

[Redacted Signature]

Title: Managing Member

CO 2598

**PATINA**  
OIL & GAS CORPORATION

804 Grand Avenue  
Platteville, Colorado 80651  
(303) 939-8585 Metro  
(970) 785-0352 Main  
(970) 939-8838 Fax

July 28, 1999

ST-Firestone, LLC  
4190 N. Garfield Avenue  
Loveland, CO 80538  
Attn: Leo J. Schuster

Re: Notification of Completed Installation Operations  
Township 2 North, Range 67 West, 6th P.M.  
Section 6: SW ¼  
Weld County, Colorado

Dear Leo:

Pursuant to Paragraph 4(b) of that certain Surface Use Agreement dated August 31, 1998 between Patina Oil & Gas Corporation ("Patina") and ST-Firestone, LLC ("ST-Firestone"), this letter shall serve as written notification that the installation and abandonment operations described in Paragraph 4(a) are complete. Paragraph 4(b) provides that ST-Firestone shall pay Patina the amount of \$10,000 within ten (10) days of receipt of this notification. Please forward your check in the amount of \$10,000 payable to Patina Oil & Gas Corporation, 1625 Broadway, Suite 2000, Denver, Colorado 80202, Attn: David Siple.

Very truly yours,

PATINA OIL & GAS CORPORATION



Landman

c: David Siple