

SURFACE USE AGREEMENT (sample 2)

This Agreement is made and entered into between _____ owned by _____, _____, _____, of _____, _____, Wyoming _____ ("Owner") and _____, _____, _____, _____ ("Operator"). It is agreed as follows:

1. Stratigraphic Test Well. Operator desires to drill one stratigraphic test well on a federal oil and gas lease owned by Operator. The location of the stratigraphic test well is as follows:

Township North/Range
Section :
Sheridan County, Wyoming

The surface of the above described lands is owned by Owner.

2. Right-of-Way. Owner grants Operator, its employees and designated agents, a private right-of-way to enter upon and use the property of Owner for the purpose of drilling and testing one, and only one, stratigraphic test well on the lands described above.

3. Notification. Operator shall notify Owner prior to entry upon Owner's lands and shall consult with Owner as to the location of the roads to be used by Operator to access its stratigraphic test well. To the maximum extent possible, Operator will use existing roads on Owner's lands for its operations, and if construction of a new road is required, Operator will locate the new road in a manner so as to cause the least interference with Owner's operations on the affected lands.

4. Termination of Rights. The rights granted by Owner to Operator shall terminate hereunder upon the completion of drilling and testing of the stratigraphic test well, but in no event later than _____.

5. Nonexclusive Rights. The rights granted by Owner to Operator are nonexclusive, and Owner reserves the right to use all access roads and all surface and subsurface uses of the lands affected by this Agreement, and the right to grant successive easements thereon or across on such terms as Owner deems necessary or advisable.

6. Payments. For drilling of the stratigraphic test well described herein, Operator will pay to Owner the sum of \$_____ per day for each day, or any portion thereof, between the first day of Operator's use of or access across Owner's lands and the last day of Operator's use of or access across Owner's lands.

7. Limitation on Rights. Owner's property may not be used in connection with operations on other premises not owned by Owner.

8. Maintenance. Operator shall at all times keep the well site and the road right-of-way safe and in good order, free of noxious weeds, litter and debris. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's property. Only truck mounted rigs will be allowed to drill on the property, and no seismic operations shall be permitted.

9. Produced Water. Surface discharge of produced water will not be permitted on Owner's lands.

10. Takeover of Well. Upon cessation of Operator's testing of the stratigraphic test hole, Operator will give Owner fifteen (15) days written notice of the opportunity to take over the stratigraphic test hole and convert the same to a water well. If Owner elects in writing to take over the stratigraphic test well and convert the same to a water well, then Owner will assume all liability and costs associated with the well thereafter, and both parties shall execute any and all documents necessary to provide that the water in the well shall become the property and responsibility of Owner. If Owner does not elect to take over the stratigraphic test well and convert it to a water well, then Operator shall fill and level the location, recontour the location, distribute the topsoil, make the location ready for reseeded, and reseed the area, and plug and abandon the test hole as required by applicable law and regulations. All cleanup and restoration requirements shall be completed by Operator within six months after the termination of drilling or testing activities at the well site.

11. Improvements. No fences, cattleguards or other improvements on Owner's property shall be cut or damaged by Operator without the prior written consent of Owner and the payment of additional damages or the institution of other safeguards to protect the rights and property of the Owner. Upon final termination of Operator's rights under this Agreement, Operator shall return all roads and other rights-of-way or sites as near as practical to the condition which they were in prior to the execution of this Agreement, unless otherwise agreed by Owner. All disturbed areas caused by Operator's activities will be reseeded. Fences shall be restored as near as practical to the original condition unless otherwise agreed by Owner.

12. Payments. The payments herein provided are acknowledged by Owner as sufficient and in full satisfaction for damages to Owner caused or created by the reasonable and customary entry, rights-of-way and operation and use of the roads and well site, but do not include damage to livestock, buildings or improvements, or injuries to persons or to any damage or destruction caused to Owner's wells or water supply on the property. Operator shall be liable for damages if, as a result of its operations hereunder, any water on or under the premises which had been potable is affected to the extent that it is rendered nonpotable for humans, cattle or other ranch animals on Owner's premises, or any such water supply, well or reservoir be destroyed or its output diminished. Operator shall be liable for any downstream damage caused to other lands or the operations of other landowners. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Damage to livestock and damage to crops shall be paid for by Operator at current market value. Any fires caused by Operator's personnel, agents, or assigns shall be paid for by paying the cost of replacement pasture, plus replacement and/or repair costs for all personal property destroyed or damaged. The cost of replacement pasture will be determined by the amount generally accepted in the area for like kind pasture.

13. No Warranty. Owner makes no warranty of title or otherwise in entering into this Agreement; provided, however, if it is determined that Owner does not have the right to authorize Operator to use the lands affected by this Agreement for the purposes set forth herein, then Operator's sole remedy shall be to recover from Owner those payments made by Operator for the rights which Owner did not have the right to grant to Operator.

14. Nondisturbance. Operator and its employees and authorized agents shall not disturb, use or travel upon any of the land of Owner not subject to this Agreement.

15. Firearms and Explosives. None of Operator's employees or authorized agents or any other person under the direction or control of Operator shall be permitted to carry firearms or any weapon while crossing Owner's property, and such persons shall not hunt or fish on Owner's property and shall not trespass on Owner's property for the purposes of hunting or fishing or recreational uses. No dogs will be permitted on Owner's property at any time. No explosives shall be used on Owner's property. Operator will notify all of its contractors, agents and employees that no dogs, firearms, weapons, hunting, fishing or recreational activities will be allowed on Owner's property.

16. Water. Operator shall not use any water from existing wells, reservoirs and springs on Owner's property. Operator shall not disturb, interfere with, fill or block

any creek, reservoir, spring or other source of water on Owner's property.

17. Enforcement Costs. If Operator defaults under this Agreement, Operator shall pay all costs and expenses, including a reasonable attorney's fee, incurred by Owner in enforcing this Agreement.

18. Time. Time is of the essence in this Agreement.

19. Indemnification. To the maximum extent permitted by law, Operator will indemnify, defend and hold Owner, and if applicable, Owner's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to Operator's activities on Owner's property (including, without limitation, any claims that Operator's operations hereunder are either illegal, unauthorized, or constitute an improper interference with any party's rights, or have damaged the lands or operations of adjacent landowners, and including any claims based on the alleged concurrent negligence of Owner).

20. Compliance with Law. Operator shall conduct operations and activities in accordance with existing local, state and federal laws, rules and regulations.

21. Release. To the maximum extent permitted by law, Operator releases and waives and discharges Owner, and, if applicable, Owner's officers, directors, employees, agents, successors and assigns from any and all liabilities for personal injury, death, property damage or otherwise arising out of Operator's operations under this Agreement or use of Owner's property.

22. Notice. Notice may be given to either party to this Agreement by depositing the same in the United States mail, postage prepaid, duly addressed to the other party at the address set out below the party's signature on this Agreement. Such notice shall be deemed delivered when deposited in the United States mail.

23. Recording. This Agreement may not be recorded without the written consent of Owner.

24. Construction of Agreement. This Agreement shall be construed under the laws of the State of Wyoming.

25. Binding Effect. This Agreement is binding upon the successors and assigns of the parties.

DATED this _____ day of _____, 1999.

OWNER

By: _____

Title: _____

Address: _____

OPERATOR

By: _____

Title: _____

Address: _____
