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3 of 35 R 176.00 D 0.00 Steve Moreno Clerk & Recorder

depicted on the attached Exhibit B (3 through 8), four of which are the locations for the Existing Wells and the other nine of which are locations for Future Wells and other locations for certain related Production Facilities (as hereinafter defined). The Oil and Gas Operations Areas shall be made available to KMG in their present condition for all operations conducted by KMG in connection with any Well, including, but not limited to, drilling and production activities, workovers, well deepenings, recompletions, fracturing and the drilling of twinned and replacement wells. The Oil and Gas Operations Areas shall include the areas shown on Exhibit B (3 through 8), which are generally in the shape of a circle with a radius of 150 feet, except as otherwise reflected in the Exhibit.

b. KMG shall also have the right to locate, build, repair and maintain tanks, separators, dehydrators, compressors and all other associated oil and gas drilling and production equipment and facilities within the Oil and Gas Operations Areas.

c. KMG shall have the right to drill Future Wells and multiple Wells within the Oil and Gas Operations Areas, including horizontal and directional wells that produce from the Property and lands other than the Property; provided that, such other lands are pooled with all or any portion of the lands included in the Property.

d. As part of the consideration for this Agreement, Lafarge hereby waives its right to, and covenants that it will not protest or object to, any exception location or application to drill, redrill, deepen or recomplete any Well on the Property, so long as the Well is located within an Oil and Gas Operations Area.

e. KMG shall drill Future Wells as close to the center of the Oil and Gas Operations Area as is practicable, given the location of other Wells within the Oil and Gas Operations Area, geologic, regulatory and technical concerns, and any segregation of ownership of the oil and gas horizons, among other things. Lafarge shall not stockpile mined materials within a radius of 150 feet from Existing Wells.

#### **4. EXTRACTION OF SAND AND GRAVEL IN VICINITY OF OIL AND GAS OPERATIONS AREAS; SETBACK REQUIREMENTS.**

Lafarge reserves the option to mine the gravel within the Oil and Gas Operations Areas in accordance with the terms of this section 4.

a. In the event that Lafarge elects to mine the gravel within an Oil and Gas Operations Area, Lafarge shall notify KMG in writing sixty (60) days prior to commencing mining operations within the Oil and Gas Operations Area and shall place temporary concrete barriers around the Existing Wells, as directed by KMG, prior to the commencement of mining operations.

b. In the event that Lafarge elects to mine gravel within an Oil and Gas Operations Area with no Existing Well, Lafarge shall conduct and complete its mining operations within the Oil and Gas Operations Area as quickly as is reasonably practicable. In the event that KMG intends to drill a Well within the Oil and Gas Operations Area, it shall give written notice to Lafarge and meet at the site with Lafarge, as required by Colorado Oil and Gas Conservation