



00254510

SURFACE DAMAGE AGREEMENT

This Agreement dated this 26TH day of April, 1996, between Betty J. Kawchack, a widow, of Craig, Colorado herein after referred to as "Surface Owner", and Apache Corporation of Houston, Texas, hereinafter referred to as "Lessee",

WITNESSETH:

WHEREAS, Surface Owner represents that she is the owner in fee and in possession of the entire surface estate for the following described lands:

TOWNSHIP 8 NORTH, RANGE 90 WEST, 6TH P.M.
Section 7: SE¼
Moffat County, Colorado

WHEREAS, Lessee has acquired certain rights to the use of the surface of a portion of the above described lands under the terms of an Oil and Gas Lease dated November 29, 1995, between Joel C. Davis, lessor, and Contex Energy Company, lessee, and an Oil and Gas Lease dated November 29, 1995, between E. P. Monahan and Katherine Ann Monahan, his wife, lessor, and Contex Energy Company, lessee, which leases are recorded in the records of Moffat County, Colorado, and said leases cover all of the mineral estate underlying such lands; and,

WHEREAS, the Surface Owner is generally aware of the nature of the operations which may be conducted under oil and gas leases covering the mineral estate of a portion or all of the above described lands; and,

WHEREAS, the parties believe that it is in their mutual best interest to agree to the amount of damages to be assessed incident to the operations of Lessee on the premises in the exploration for, development and production of oil, gas and/or other leasehold substances under the terms of those certain Oil and Gas Leases now owned or which may be acquired by Lessee covering portions of the mineral estate of the above described lands and other lands; and,

WHEREAS, the parties believe that a reasonable estimate can be made of the damages which result from the exploration, development and production operations contemplated by such Oil and Gas Leases.

NOW, THEREFORE, in consideration of mutual promises and obligations imposed by this Agreement, the advantages to be derived by the parties, together with the payment by Lessee to Surface Owner of Ten Dollars (\$10.00), and other good and valuable consideration the receipt and sufficiency of such consideration being hereby acknowledged, the parties agree as follows:

1. Lessee shall have the right of ingress and egress, and the use of those portions of the above described lands which it requires for oil and gas exploration, development and production operations, including tank batteries and other production facilities and the transportation of produced substances from the leasehold, and also the right to construct and use roads and pipelines across portions of the subject lands. Lessee shall pay Surface Owner as liquidated damages the sum of Five Thousand Dollars (\$5,000.00) as full settlement and satisfaction of all detriment, injuries and damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, and production operations contemplated by the Oil and Gas Leases covering the above described lands, including, but not limited to, the wellsite of the Spetters #43-7 well (Apache Corporation, operator) located on the above described land, together with any lands used for road purposes, production facilities, pipelines or other necessary facilities in connection with the wellsite.

2. Lessee is responsible for acquiring all necessary permits, licenses, fees, etc. incident to its operations on the subject lands.

3. Upon the plugging and abandonment of the subject well, Lessee agrees that Lessee shall, within a reasonable time, use reasonable efforts in good faith to restore Surface Owner's surface estate as near as practical to its original condition (including but not limited to, restoring the said lands to their existing contours and reseeding said lands with native grasses where applicable). It is understood and agreed that Surface Owner may elect in writing, prior to cessation of operations of Lessee, to have any

road constructed under the terms of this Agreement remain upon the property, in which event, Lessee agrees to leave such road or roads in reasonably useful condition.

4. In the event Surface Owner considers that Lessee has not complied with all its obligations hereunder, either express or implied, Surface Owner shall notify Lessee in writing, setting out specifically in what respects Lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Surface Owner. The service of said notice shall be precedent to the bringing of any action by Surface Owner on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on Lessee.

5. This Agreement shall remain in full force and effect from date hereof and for so long thereafter as Lessee's oil and gas operations affecting the subject lands are in effect.

6. When the word "Lessee" is used in this Agreement, it shall also mean the successors and assigns of Apache Corporation including, but not limited to, its employees and officers, agents, affiliates, contractors, subcontractors, and/or purchasers.

7. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

8. This Agreement may be executed either as one instrument or in several partially executed counterparts and the original and all counterparts shall be construed together and shall constitute one Agreement. Should less than all of the named parties execute this Agreement, this Agreement shall be binding on those who are signatories.

SURFACE OWNER:

Betty J. Kawchack
Betty J. Kawchack
Soc. Sec. No. [redacted]

ACCEPTED, and agreed to, and ratified this 26TH day of April, 1996.

Bret Grandbouche
Bret Grandbouche, surface tenant

ACKNOWLEDGMENT

STATE OF Colorado
COUNTY OF Moffat

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On this 26TH day of April, 1996, before me a notary public personally appeared Betty J. Kawchack, a widow, to me known to be the identical person described in and who executed the foregoing instrument, and who acknowledged to me that she executed the same as her free act and deed for the uses and purposes therein set forth.

(SEAL)

My Commission Expires: MY COMMISSION EXPIRES 3/24/99

[Signature]
Notary Public:
Address:
600 Yampa Ave.
Craig, CO
81625

ACKNOWLEDGMENT

STATE OF Colorado

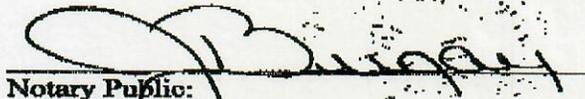
COUNTY OF Jefferson

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On this 26th day of April, 1996, before me a notary public personally appeared Bret Grandbouche, to me known to be the identical person described in and who executed the foregoing instrument, and who acknowledged to me that he executed the same as his free act and deed for the uses and purposes therein set forth.

(SEAL)

My Commission Expires MY COMMISSION EXPIRES 3/24/99


Notary Public: [Signature]
Address: 6004 Yampa Ave
Craig, CO
81625

OWNER RESPONSE NOTICE

RE: Apache Corporation Proposed Spetters #43-7 Well
Township 8 North, Range 90 West, 6th P. M.
Section 7: SE/4
Moffat County, Colorado

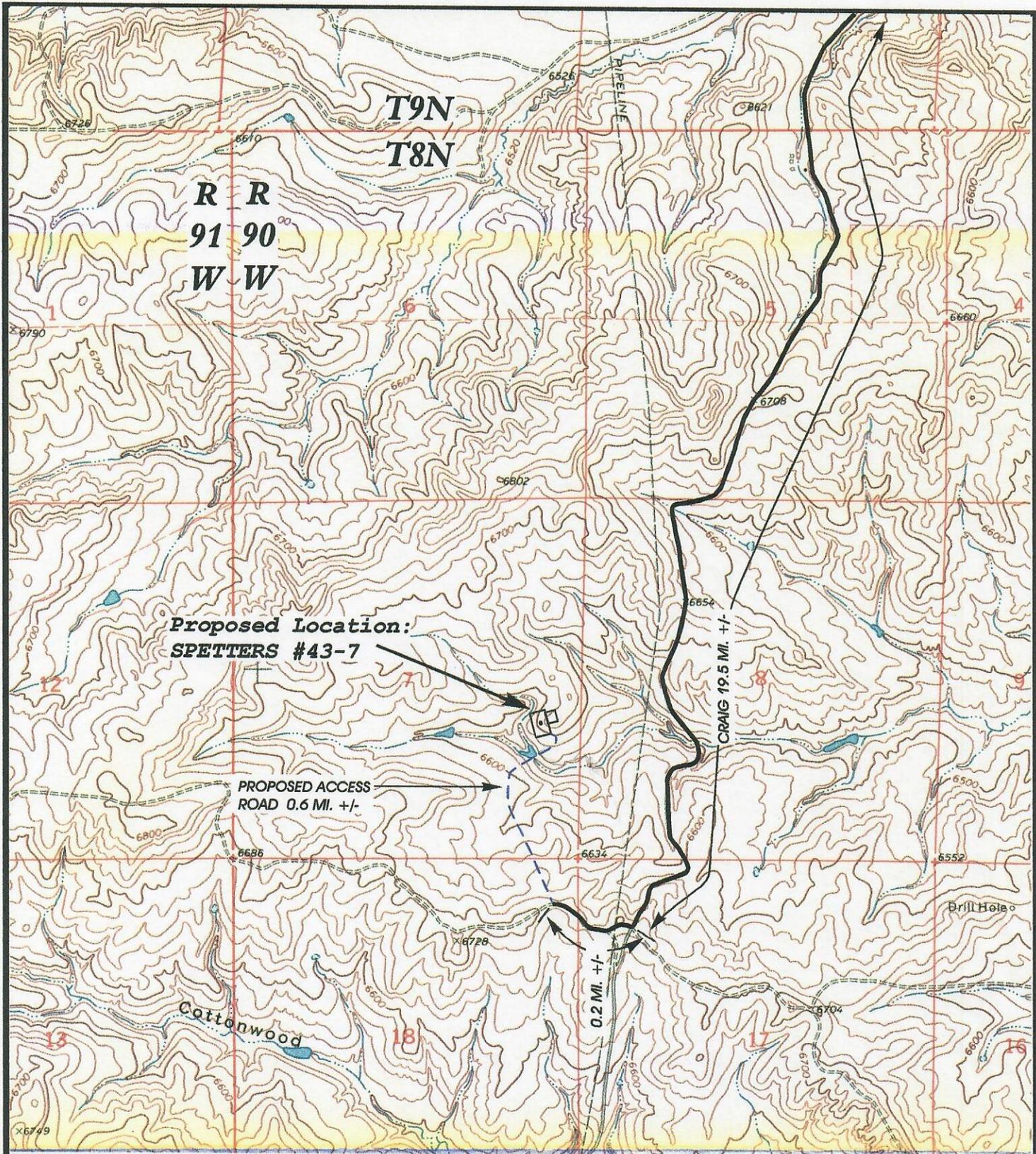
After a review of the Apache Corporation Notice Letter dated April 22, 1996, the undersigned surface owner hereby:

1. acknowledges that an on-site consultation with a representative of Apache did take place on Tuesday, April 15, 1996; and
2. agrees to waive the thirty (30) day written notice requirement so that Apache may initiate operations on the captioned lands at the earliest possible date, but not earlier than seven (7) days from the date that verbal notice is given to you that Apache desires to enter onto the said lands to begin actual operations on the property.

Signed and dated this 26 day of April, 1996.

SURFACE OWNER

✓ Betty J. Kawchack
Betty J. Kawchack



**TOPOGRAPHIC
MAP "B"**

DATE: 3-28-96
Drawn by: C.B.T.

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East • Vernal, Utah 84078 • (801) 789-1017



SCALE: 1" = 2000'

APACHE CORP.

SPETTERS #43-7
SECTION 7, T8N, R90W, 6th P.M.
2000' FSL 600' FEL