

## COLORADO DEPARTMENT OF TRANSPORTATION STANDARD UTILITY AGREEMENT

This Agreement is for : <input checked="" type="checkbox"/> Engineering Design <input type="checkbox"/> Construction Work <input type="checkbox"/> Construction Inspection	Utility Project #: NH 5501-011	Utility WBS Element: 12979
	Const. Project #: N/A	Const WBS Element: 22420
	Location: US 550 Segment 4	PR #: 700077997
	Routing Number: 19-HA5-ZK-00001	

**THIS "AGREEMENT"** or "Contract" is between the State of Colorado acting by and through Colorado Department of Transportation ("State" or "CDOT") and **BP AMERICA PRODUCTION COMPANY** ("Owner")

### RECITALS:

1. It is necessary for CDOT to make certain improvements to the State Highway System (the "Highway Improvements") which are located within **La Plata** County, on State Highway **US 550** between mile point **10.84** and **13.98**.
2. The Highway Improvements require the Owner to relocate, adjust, or install utility facilities ("the Work"), which is generally described as follows:

**Relocation design for natural gas pipeline and well pad equipment move..**

3. Authority exists in law and funds have been budgeted, appropriated, and otherwise made available by CDOT for the Work.
4. All citations to rules, codes, documents, and laws refer to the most recent versions.
5. The Owner's Preliminary Plans (see Exhibit D) outline the Work. The Owner shall prepare detailed plans in conformance with Part 645, Subpart A of Title 23, Code of Federal Regulations (23 CFR 645A).
6. CDOT is authorized to pay the Owner for the performance of the Work pursuant to Sections 43-1-225, CRS or 43-1-208, CRS.
7. CDOT and the Owner must comply with 23 CFR 645 and 2 CCR 601-18 ("Highway Utility Accommodation Code"); to obtain federal participation in the costs of the Work.
8. CDOT and the Owner desire to complete the Work as soon as possible.

### NOW THEREFORE, THE PARTIES AGREE:

1. **Incorporations By Reference, Order of Precedence.** The following are incorporated as terms and conditions of this Agreement. Items a and c are publically available, item b is included in Paragraph 20 and items d through f are attached to the Agreement.
  - a. Title 23, Code of Federal Regulations, Part 645;
  - b. The Special Provisions in Paragraph 20;
  - c. 2 CCR 601-18 ("Highway Utility Accommodation Code");
  - d. Utility Agreement Details ( see Exhibit A);
  - e. Sample Option Letter ( see Exhibit B);
  - f. Owner's Cost Estimate ( see Exhibit C);
  - g. Owner's Preliminary Plans (see Exhibit D).

Any conflict between such terms shall be resolved by the priority they are listed above. This Agreement shall be subject to the conflicting terms contained in item a, but shall prevail over conflicting terms contained in items b through g.

2. **Effective Date; Notice of Nonliability; Notice to Proceed.** This Agreement shall not be effective or enforceable until it is approved and signed by the Colorado State Controller or designee (the "Effective Date"). The State shall not be liable to pay or reimburse Owner for any performance hereunder, including but not limited to, costs or expenses incurred, or be bound by any provision hereof prior to the Effective Date. CDOT will issue a written notice to proceed ("Notice to Proceed") authorizing the Owner to proceed with the Work on

or after the Effective Date. The Owner shall not begin performance of the Work until receipt of the written Notice to Proceed from CDOT. Upon receipt of written Notice to Proceed, the Owner shall diligently perform the Work without interfering with the Highway Improvements or causing avoidable delay. The Owner shall perform the Work in accordance with all terms and conditions of this Agreement.

3. **Timeframe for Completion of Work.** The Owner shall coordinate the Work with the Highway Improvements' construction, as directed by CDOT, and shall complete the Work within 1,825 days of the date on the Notice to Proceed.
4. **Reimbursement.** CDOT will reimburse the Owner for all "Eligible Costs" (as defined by 23 CFR 645) of the estimated costs of the Work (see Exhibit C). The amount CDOT pays the Owner under this Agreement will be full compensation for all Eligible Costs incurred by the Owner while performing the Work.
5. **Determination of Work Costs.** The Owner will determine the direct and indirect work costs (as defined by 23 CFR 645) ("Work Costs") accumulated under a work order accounting procedure prescribed by a federal or State regulatory body for the Work, which shall not exceed \$89,320.00 and is the maximum amount payable under this Agreement to Owner by the State, as determined by the State from available funds. If the Work Costs are greater than \$80,000.00, CDOT may retain 10% of said billed Work Costs, up to a maximum of 5% of the original Agreement amount, prior to the required audit by CDOT, pursuant to section 24-91-103, CRS. If CDOT retains payments pending an audit, CDOT will either pay the Owner for Eligible Costs in excess of any previous payments, or the Owner will reimburse CDOT for any previous payments in excess of Eligible Costs.
6. **Work Costs In Excess of Original Estimate.** If, during the performance of the Work, the Owner discovers that estimated Work Costs (see Exhibit C) are undervalued, the Owner must obtain an Option Letter (see Exhibit B) or other amendment to this Agreement. CDOT will not pay for Work or Work Costs incurred prior to that Work or Work Cost being authorized on a fully executed document, such as this Agreement, an Option Letter, or other amendment to this Agreement. The Owner must itemize all Work Cost increases on the final billing.
7. **Timeframe for Submission of Billings.** The Owner must submit all billings to CDOT for Work Costs not later than 120 days after completing the Work. CDOT will pay the Owner no more than once per month for satisfactory Work that is properly invoiced.
8. **Separate Invoice for Easements.** The Owner must invoice CDOT separately for all Work Costs incurred to acquire an easement or replacement right-of-way under this Agreement.
9. **Salvage Value of Materials Removed.** The Owner must credit CDOT for the value of all salvaged materials removed during the Work, as explained in 23 CFR 645.117(h). The Owner shall not dispose of any salvage materials without CDOT inspection and approval of such disposal.
10. **Recording Costs.** The Owner and its subcontractors, if any, shall develop and record all Work Costs in accordance with 23 CFR 645.117 and any other applicable regulations or procedures. The Owner shall provide CDOT with all information and reports required by State or federal statute, rules, regulations, or industry standards.
11. **Records Retention.** The Owner shall maintain a complete file of all records, documents, communications, and/or other written materials which pertain to the Work. Further, the Owner shall maintain such records for a period of three (3) years after the latter of: the date of termination of this Agreement, final payment for the Work, or resolution of pending matters related to the Work. The Owner shall be the custodian of all such records, documents, communications, and other materials, however, these items shall be the property of CDOT, and shall be maintained by the Owner in a reasonably usable and retrievable manner. This provision shall survive any termination clause.
12. **Audit, Inspection of Records, and Monitoring.** The Owner shall permit CDOT, the Federal Government, or any other duly authorized agent of a governmental agency to audit, inspect, examine, excerpt, copy and/or transcribe the Owner's records during the term of this Agreement and for the period of record retention described immediately above. This provision shall survive any termination clause. The Owner shall also permit the State, Federal Government, or any other duly authorized agent of a governmental agency to monitor

all activities conducted by the Owner pursuant to the terms of this Agreement. The Owner shall further permit the monitor to review procedures and data, test materials, conduct visual inspections, perform on-site inspections, or any other reasonable procedure.

13. **Term of Agreement.** Unless otherwise terminated in accordance with provisions of this Agreement, this Agreement will terminate on the date CDOT makes final payment to the Owner.
14. **Early Termination in the Public Interest.** CDOT may terminate this Agreement at any time CDOT determines that the Work no longer serves the best interest of CDOT and its public. CDOT shall effect such termination by giving at least twenty (20) days advanced written notice of the termination date. In the event of termination under this provision, the Owner shall be entitled to receive just and equitable compensation for any satisfactory Work completed. Upon termination, the Owner shall be obligated to immediately return any payment, information, or materials related to the Work.
15. **Early Termination for Cause.** If the Owner fails to perform in accordance with any provision of this Agreement, CDOT shall give the Owner written notice of such failure, at least ten (10) days to cure or justifiably explain such failure, and CDOT's intent to terminate this Agreement for cause. If such cure or explanation is not satisfactorily resolved after at least ten (10) days, CDOT may terminate the Agreement. If the Agreement is terminated for cause, Owner shall be obligated to immediately return any payment, information, or materials related to the Work. If the Agreement is terminated for cause but it is later determined that the Agreement should not have been terminated for cause, the rights and obligations of the parties shall be as described in the preceding provision related to termination in the public interest.
16. **Indemnification.** The Owner shall indemnify, save, and hold harmless CDOT, its employees and agents, against any and all claims, damages, liability and court awards including costs, expenses, and attorney fees and related costs, incurred as a result of any act or omission by the Owner, or its employees, agents, subcontractors, or assignees pursuant to the terms of this Agreement. This provision shall survive the termination of the Agreement. CDOT may withhold payments due to Owner pending resolution of any matter of indemnification.
17. **Option Letter.** CDOT may increase or decrease payment for Work Costs pursuant to this Agreement by using an Option Letter for this Agreement substantially similar to Exhibit B. Any other modifications not within the terms of this Paragraph must be executed by formal amendment to the Agreement.
18. **Federal/State Requirements.** The Owner shall strictly adhere to and comply with all applicable State and Federal laws, rules and regulations in performance of the Work. The Owner shall also require compliance with these statutes and regulations in all subcontractor agreements permitted under this Agreement. The Owner must obtain CDOT approval prior to award of any subcontract between the Owner and any other party for the performance of any part of the Work.
  - a. "Buy America" Requirements. All manufacturing processes, including the application of a coating, for all steel and iron products permanently incorporated in the work shall have occurred in the United States of America. All manufacturing processes are defined as "processes required to change the raw ore or scrap metal into the finished, in-place steel or iron product". This requirement will not prevent a minimal use of foreign steel or iron provided the total project delivered cost of all such steel and iron which includes the cost of delivering the steel and iron to the project, does not exceed one-tenth of one percent of the total contract cost or \$2,500, whichever is greater. If there is any foreign steel or iron permanently incorporated into the project the Contractor shall provide documentation of the project delivered cost of that foreign steel or iron.
  - b. The Contractor shall maintain on file certifications that every process, including the application of a coating, performed on steel or iron products either has or has not been carried out in the United States of America. This certification applies to every iron or steel product that requires pre-inspection, pretesting, certified test results, or a certificate of compliance. The Contractor shall obtain such a certification from each supplier, distributor, fabricator, and manufacturer that has handled each steel or iron product. These certifications shall create a chain of custody trail that includes every supplier, distributor, fabricator, and manufacturer that handles the steel or iron product. The lack of these certifications will be justification for rejection of the steel or iron product.
  - c. The State, FHWA, and their representatives shall be allowed access to this documentation upon request. Prior to the permanent incorporation into the project of steel or iron products the Contractor shall certify in

writing that the documentation is on file and the steel or iron products are in compliance with this requirement.”

19. **Legal Authority.** The Owner, by and through its signatory, warrants that it possesses the legal authority to enter into this Agreement and that it has taken all actions necessary to lawfully bind the Owner to the Agreement.
20. **Special Provisions.** These Special Provisions apply to all contracts except where noted in italics.
  1. **Controller's Approval.** §24-30-202(1), C.R.S. This Contract shall not be valid until it has been approved by the Colorado State Controller or designee.
  2. **Fund Availability.** §24-30-202(5.5), C.R.S. Financial obligations of the State payable after the current fiscal year are contingent upon funds for that purpose being appropriated, budgeted, and otherwise made available.
  3. **Governmental Immunity.** No term or condition of this Contract shall be construed or interpreted as a waiver, express or implied, of any of the immunities, rights, benefits, protections, or other provisions, of the Colorado Governmental Immunity Act, §24-10-101, *et seq.*, C.R.S., or the Federal Tort Claims Act, 28 U.S.C. §§1346(b) and 2671 *et seq.*, as applicable now or hereafter amended.
  4. **Independent Contractor.** The Owner shall perform its duties hereunder as an independent contractor and not as an employee. Neither the Owner nor any agent or employee of the Owner shall be deemed to be an agent or employee of the State. The Owner and its employees and agents are not entitled to unemployment insurance or workers compensation benefits through the State and the State shall not pay for or otherwise provide such coverage for the Owner or any of its agents or employees. Unemployment insurance benefits will be available to the Owner and its employees and agents only if such coverage is made available by the Owner or a third party. The Owner shall pay when due all applicable employment taxes and income taxes and local head taxes incurred pursuant to this Contract. The Owner shall not have authorization, express or implied, to bind the State to any agreement, liability or understanding, except as expressly set forth herein. The Owner shall (a) provide and keep in force workers' compensation and unemployment compensation insurance in the amounts required by law, (b) provide proof thereof when requested by the State, and (c) be solely responsible for its acts and those of its employees and agents.
  5. **Compliance with Law.** The Owner shall strictly comply with all applicable State and Federal laws, rules and regulations in effect or hereafter established, including, without limitation, laws applicable to discrimination and unfair employment practices.
  6. **Choice of Law.** Colorado law, and rules and regulations issued pursuant thereto, shall be applied in the interpretation, execution, and enforcement of this Contract. Any provision included or incorporated herein by reference which conflicts with said laws, rules, and regulations shall be null and void. Any provision incorporated herein by reference which purports to negate this or any other Special Provision in whole or in part shall not be valid or enforceable or available in any action at law, whether by way of complaint, defense, or otherwise. Any provision rendered null and void by the operation of this provision shall not invalidate the remainder of this Contract, to the extent capable of execution.
  7. **Binding Arbitration Prohibited.** The State of Colorado does not agree to binding arbitration by any extra-judicial body or person. Any provision to the contrary in this contract or incorporated herein by reference shall be null and void.
  8. **Software Piracy Prohibition.** Governor's Executive Order D 002 00. State or other public funds payable under this Contract shall not be used for the acquisition, operation, or maintenance of computer software in violation of federal copyright laws or applicable licensing restrictions. The Owner hereby certifies and warrants that, during the term of this Contract and any extensions, the Owner has and shall maintain in place appropriate systems and controls to prevent such improper use of public funds. If the State determines that the Owner is in violation of this provision, the State may exercise any remedy available at

law or in equity or under this Contract, including, without limitation, immediate termination of this Contract and any remedy consistent with federal copyright laws or applicable licensing restrictions.

9. **Employee Financial Interest/Conflict of Interest.** CRS §§24-18-201 and 24-50-507, C.R.S. The signatories aver that to their knowledge, no employee of the State has any personal or beneficial interest whatsoever in the service or property described in this Contract. The Owner has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of the Owner's services and the Owner shall not employ any person having such known interests.
10. **Vendor Offset.** §§24-30-202 (1) and 24-30-202.4, C.R.S. [*Not Applicable to intergovernmental agreements*]  
Subject to §24-30-202.4 (3.5), C.R.S., the State Controller may withhold payment under the State's vendor offset intercept system for debts owed to State agencies for: (a) unpaid child support debts or child support arrearages; (b) unpaid balances of tax, accrued interest, or other charges specified in §39-21-101, et seq., C.R.S.; (c) unpaid loans due to the Student Loan Division of the Department of Higher Education; (d) amounts required to be paid to the Unemployment Compensation Fund; and (e) other unpaid debts owing to the State as a result of final agency determination or judicial action.
11. **Public Contracts for Services.** §8-17.5-101, C.R.S. [*Not Applicable to agreements relating to the offer, issuance, or sale of securities, investment advisory services or fund management services, sponsored projects, intergovernmental agreements, or information technology services or products and services*]  
The Owner certifies, warrants, and agrees that it does not knowingly employ or contract with an illegal alien who will perform work under this Contract and will confirm the employment eligibility of all employees who are newly hired for employment in the United States to perform work under this Contract, through participation in the E-Verify Program or the Department program established pursuant to §8-17.5-102(5)(c), C.R.S. The Owner shall not knowingly employ or contract with an illegal alien to perform work under this Contract or enter into a contract with a subcontractor that fails to certify to Owner that the subcontractor shall not knowingly employ or contract with an illegal alien to perform work under this Contract. Owner (a) shall not use E-Verify Program or Department program procedures to undertake pre-employment screening of job applicants while this Contract is being performed, (b) shall notify the subcontractor and the contracting State agency within three days if Owner has actual knowledge that a subcontractor is employing or contracting with an illegal alien for work under this Contract, (c) shall terminate the subcontract if a subcontractor does not stop employing or contracting with the illegal alien within three days of receiving the notice, and (d) shall comply with reasonable requests made in the course of an investigation, undertaken pursuant to §8-17.5-102(5), C.R.S., by the Colorado Department of Labor and Employment. If the Owner participates in the Department program, the Owner shall deliver to the contracting State agency, Institution of Higher Education or political subdivision a written, notarized affirmation, affirming that the Owner has examined the legal work status of such employee, and shall comply with all of the other requirements of the Department program. If the Owner fails to comply with any requirement of this provision or §8-17.5-101 et seq., C.R.S., the contracting State agency, institution of higher education or political subdivision may terminate this Contract for breach and, if so terminated, the Owner shall be liable for damages.
12. **Public Contracts with Natural Persons.** §24-76.5-101, C.R.S. The Owner, if a natural person eighteen (18) years of age or older, hereby swears and affirms under penalty of perjury that he or she (a) is a citizen or otherwise lawfully present in the United States pursuant to federal law, (b) shall comply with the provisions of CRS §24-76.5-101 et seq., and (c) has produced one form of identification required by CRS §24-76.5-103 prior to the effective date of this Contract.

**THE PARTIES HERETO HAVE EXECUTED THIS CONTRACT**

\* Persons signing for Owner hereby swear and affirm that they are authorized to act on behalf of the Owner and acknowledge that CDOT is relying on their representations to that effect and accept personal responsibility for any and all damages CDOT may incur for any errors in such representation.

<p><b>Utility Owner</b> <b>BP AMERICA PRODUCTION COMPANY</b></p> <p>By: <u>Michael J. Matison</u> Name of Authorized Individual</p> <p>Title: <u>Attorney-in-Fact</u> Official Title of Authorized Individual</p> <p>By: <u>[Signature]</u> Signature</p> <p>Date: <u>15 AUG 18</u></p>	<p><b>STATE OF COLORADO</b> <b>John W. Hickenlooper</b> <b>Department of Transportation</b></p> <p>By: <u>[Signature]</u> Joshua Laipply, P.E., Chief Engineer (For) Michael P. Lewis, Executive Director</p> <p>Date: <u>8/31/2018</u></p>
<p><b>2nd signature</b> <b>(If Necessary)</b></p> <p>By: _____ (print name)</p> <p>Title: _____ (print title)</p> <p>By: _____ Signature</p> <p>Date: _____</p>	<p><b>STATE OF COLORADO</b> <b>LEGAL REVIEW</b> <b>Cynthia H. Coffman, Attorney General</b></p> <p>By: <u>N/A</u> Signature – Assistant Attorney General</p> <p>Date: _____</p>

**ALL CONTRACTS REQUIRE APPROVAL BY THE STATE CONTROLLER**

§24-30-202, C.R.S. requires the State Controller to approve all State contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. The Owner is not authorized to begin performance of the Work until such time. If Owner begins performing the Work prior thereto, the State of Colorado is not obligated to pay Contactor for such performance or for any goods and/or services provided hereunder.

**STATE OF COLORADO**  
**STATE CONTROLLER**  
**Robert Jaros, CPA, MBA, JD**

By: [Signature]  
Colorado Department of Transportation

Date: 10/19/18

**COLORADO DEPARTMENT OF TRANSPORTATION  
 UTILITY AGREEMENT DETAILS**

**Exhibit A**

N/A

This Agreement provides for reimbursement of the following costs:  
 Preliminary engineering by:  Owner  Consultant  
 Construction/Traffic by:  Owner  SubAgreementor  
 Construction engineering/inspection by:  Owner  Consultant

Existing utilities in conflict with highway construction are:  
 on existing CDOT right of way  on right of way CDOT will acquire or has since acquired

Adjusted and/or relocated utilities will be located:  
 within ultimate CDOT right of way  within an easement acquired for the owner

N/A

Proof of real property interest or eligibility for reimbursement is:  
 Recorded title: County: book: page:

N/A

Affidavit (attached) Form #:

N/A

Local ordinance #: date:

Easement (copies attached)

N/A

Governmental subdivision (C.R.S. Sec.43-1-225)

A consultant was retained through:  
 Competitive negotiation (attach certification of consultant).  
 Existing ongoing written Agreement (attach certification of consultant).

A construction subAgreementor was or will be selected through:  
 competitive bidding  existing ongoing written Agreement

N/A

List any low-cost incidental work (eg., tree trimming, x-ray weld inspection, etc.) to be reimbursed under this Agreement which will be awarded without competitive bidding:

N/A

If CDOT and the Owner are each responsible for a share of the total relocation costs, the estimate and subsequent billings will be based on:  
 Actual costs attributable to CDOT  
 Total work adjusted to CDOT's pro-rata share (document method of apportionment in estimate).

N/A

The work will involve:  
 Replacement of a building, pumping station, substation, or any other similar unit (include credit for expired service life in estimate).

N/A

Betterment of a facility, other than one required by current industry codes or standards (include credit for betterment in estimate).

N/A

Recovery of materials for later reuse by Owner (include credit in estimate for salvage exceeding \$5,000 at current stock prices).

Where will the records of this Work be maintained and where shall the executed Agreement documents be sent?

Attention: Brie Olson Stahnke, BP America

Address: 381 Airport Road, Durango 81303

Who will be the field liaison representative on this adjustment?

Name: Same

Address: (if different)

Phone # & e-mail address:  
 (970)335-3824 brianne.olson@bp.com

Phone # & e-mail address:

CDOT representative signature and title:

Phone #:  
 kevin.walters@state.co.us 51407

SURFACE USE AGREEMENT

PO #: 481000441  
Routing #: 19-HA5-ZK-00001

This AGREEMENT, Made and entered into the 15<sup>th</sup> day of  
April, 1988, by and between  
Joe A. Hotter and Frances M. Hotter

hereinafter referred to as Grantor (whether one or more) and  
Amoco Production Company, a Delaware Corporation, its  
successors and assigns, hereinafter referred to as Grantee:

WITNESS THAT: Joe A Hotter and Frances M. Hotter

Whereas, Grantor is the owner of record of the surface  
estate of the following described land:

SW4 Sec. 17 T34N R9W  
1640 F/SL 1290 F/WL  
LaPlata County, Colorado

and Whereas, Grantee holds a valid oil and gas lease  
covering the mineral estate in and under the above described  
lands:

NOW THEREFORE, IN CONSIDERATION of the mutual covenants and  
promises herein, the parties agree as follows:

SEE EXHIBIT "A" ATTACHED.

This agreement shall be binding upon the parties hereto, and  
shall inure to the benefit of and bind their heirs,  
executors, successors and assigns.

Grantor: Joe A Hotter  
Frances M. Hotter  
Grantee: Amoco Production Company

State of: NEW MEXICO  
County of: SAN JUAN

Witness my hand and official seal on this 15<sup>th</sup> day of  
APRIL, 1988.

My commission expires:

SEPT-5 1989

John L. Schwary  
Notary Public

183126



EXHIBIT "A"

HOTTER GAS UNIT "A" WELL #1

Amoco Production Company will build the Hotter Gas Unit "A" #1 well pad on property owned by Joe A. Hotter and Frances M. Hotter.

Amoco will build turn-out from U.S. Highway 550 to Hotter Gas Unit "A" #1. Construction of turn-out and installation of 18 inch culvert pipe to meet state highway specifications.

Amoco will furnish and install 18" X 30' culvert pipe in irrigation ditch where turn-out enters well pad.

Amoco will furnish all fencing material and labor to fence entire well pad. Material is subject to Mr. Hotters approval. Construction of fence is to be under Mr. Hotter's supervision and specification. All fence post will be cedar or treated post a minimum of 7 inches in diameter spaced 12 feet apart. Fence stays will be a minimum of 3 inches diameter, installed 3 to each section between post. 5 wires will be required, 2 with barbs, 3 smooth twisted. Two 16 foot Powder River gates, one at well pad entrance, one at point determined by Mr. Hotter for access from field to well pad. Temporary fence will be installed during construction and drilling operations. Reserve pit must be reclaimed as to allow construction of permanent fence by Fall. Well pad will be constructed as not to interfere with drainage of field. North-East corner of pad can not cross low point in field causing water to back up and creating swampy condition resulting in additional lost farm land. Reserve pit will be constructed as to not interfere with drainage of field. Pit can not extend from the pad more than 50 feet to the East. Pit can be extended to South to obtain necessary square footage of pit.

Surface use and crop damage payment is \$ 10,000.00. Payment for domestic gas line from Hotter Gas Unit "A" well # 1 is \$ 5,200.00. Payment for domestic gas line from Joe A. Hotter Gas Unit Well #1 is \$ 5,600.00. Mr. Hotter is responsible for installation and maintenance of the domestic lines.

Terms of this agreement shall remain confidential.

HOTTER GAS UNIT "A" WELL #1

Amoco Production Company will build the Hotter Gas Unit "A" #1 well pad on property owned by Joe A. Hotter and Frances M. Hotter.

Amoco will build turn-out from U.S. Highway 550 to Hotter Gas Unit "A" #1. Construction of turn-out and installation of 18 inch culvert pipe to meet state highway specifications.

Amoco will furnish and install 18" X 30' culvert pipe in irrigation ditch where turn-out enters well pad.

Amoco will furnish all fencing material and labor to fence entire well pad. Material is subject to Mr. Hotters approval. Construction of fence is to be under Mr. Hotter's supervision and specification. All fence post will be cedar or treated post a minimum of 7 inches in diameter spaced 12 feet apart. Fence stays will be a minimum of 3 inches diameter, installed 3 to each section between post. 5 wires will be required, 2 with barbs, 3 smooth twisted. Two 16 foot Powder River gates, one at well pad entrance, one at point determined by Mr. Hotter for access from field to well pad. Temporary fence will be installed during construction and drilling operations. Reserve pit must be reclaimed as to allow construction of permanent fence by Fall.

Well pad will be constructed as not to interfere with drainage of field. North-East corner of pad can not cross low point in field causing water to back up and creating swampy condition resulting in additional lost farm land. This will also cause drilling crew to find another location for their trash basket. Reserve pit will be constructed as to not interfere with drainage of field. Pit can not extend for the well pad more than 50 feet to the East. Pit can be extended to South to obtain necessary square footage of pit.

Mr. Hotter is requesting \$ 10,000.00 for surface use and crop damage for well pad. Note: Fencing of well pad creates corners not accessable by farm machinery resulting in additional crop loss.

Mr. Hotter is requesting \$ 5300.00 to pay for installation of free gas line. Tom Anderson with Durango Plumbing and Solar quoted the \$ 5300.00. This gas line would be approximately 3025 feet.

This proposal is also connected to negotiations for pipelines. Consult Mr. Gene Frost.

This proposal submitted by Larry Rosenbaum, Contract Permit Agent.



934538  
1 of 9

5/25/2006 2:38 PM  
AGR RS46.00 DS0.00

Linda Daley  
Laplata County Clerk

PO #: 481000-1  
Routing #: 19-HA5-ZK-00001

**RIGHT-OF-WAY AGREEMENT**

THIS AGREEMENT is made effective February 20, 2006, between Frances M. Hotter Trust dated November 16, 1999, and Joseph A. Hotter Trust dated November 16, 1999, with an address of P.O. Box 1308, Durango, Colorado 81302 ("Grantor", whether one or more) and BP America Production Company, with an address at 501 WestLake Park Blvd., Houston, Texas 77079 ("BP"). Grantor and BP (the "Parties") agree as follows:

JAH  
JAH  
JAH

1. Grant of Right-of-Way: For Ten Dollars (\$10.00) and other good and valuable consideration paid by BP to Grantor, Grantor hereby grants and conveys to BP a pipeline right-of-way approximately <sup>30</sup>~~20~~ feet wide ("Pipeline Right-of-Way") to construct, reconstruct, maintain, inspect, operate, replace, ~~expand, improve, change or remove a pipeline and/or additional pipelines and/or other appurtenances~~ at any time and from time to time during the term of this Agreement, for the transportation of oil, gas, petroleum products, water, and any other substances, whether fluid or solid, any products and derivatives of any of the foregoing, and any combinations and mixtures of any of the foregoing, upon and along a route to be selected by BP, in, on, over, or through land of which Grantor is the owner in fee simple, situated in La Plata County, Colorado, and further described on Exhibit "A" and on the pipeline survey plat described as Exhibit "B" which is attached hereto and incorporated herein by reference (the "Premises"). *APPROX* This grant of the Pipeline Right-of-Way includes the rights of ingress and egress to and from and at all times over the Premises to and from said Pipeline Right-of-Way and along and upon the same for any and all purposes necessary or incident to BP's exercise of the rights granted in this Agreement, and for access to adjoining properties through which any of BP's pipelines also cross. The initial pipeline laid within the Right-of-Way pursuant to this Agreement will be subject to the Damage Reimbursement Provision set out in Section 3(a) below. ~~Each additional pipeline that is laid in the Pipeline Right-of-Way pursuant to this Agreement will be subject to the Damage Reimbursement Provision set out in Section 3(b) below.~~ Grantor shall have the right to use and enjoy the Premises; provided, however, Grantor shall not exercise such use and enjoyment in any manner that will impair or interfere with BP's exercise of any rights herein granted. Grantor shall not build, create, construct or permit to be built, created or constructed, any obstruction, building, lake, engineering works or other structure over or on the Pipeline Right-of-way.

JAH  
AND GRANTOR  
BY JAH

JAH  
BY  
JAH

2. Payment for Pipeline Right-of-Way: The consideration described in Sections 1 and 3(a), shall be paid after a survey establishes the first Pipeline Right-of-Way routing, and before initial construction of the first pipeline. ~~Damage Reimbursement for the laying of additional pipelines within the Pipeline Right-of-Way shall be paid in accordance with Section 3(b) after a survey establishes pipeline routing within the Pipeline Right-of-Way and before the construction of the additional pipeline.~~

JAH  
BY JAH  
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BY JAH

3. Damage Reimbursement: (a) BP shall pay Grantor damages on a per acre basis for any actual damage caused by BP's activities on the Premises in connection with the first pipeline's initial construction. This payment shall be deemed full and final payment for any and all damages to land, growing crops, pasturage, reseeding, timber, fences, buildings or other improvements on the Premises, resulting from BP's exercise of the rights herein granted during the first pipeline's initial construction and no other damages, rights or remedies shall be enforceable, collectible or

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JAH  
BY JAH

Please mail to: Timberline Land Corp. 150 Rockpoint Dr. Ste F, Durango CO 81301

available to Grantor in connection therewith. Grantor hereby agrees to accept said payment as full liquidated damages and relief and hereby releases BP from all other damages or liabilities and waives the right to collect any further or additional damages in any way arising or resulting from BP's exercise of the rights herein granted as it relates to the ~~first~~ pipeline's construction. (b) BP also shall pay Grantor for any and all damages to the land, growing crops, pasturage, reseeding, timber, fences, buildings or other improvements on the Premises resulting from BP's construction, reconstruction, maintenance, inspection, operation, replacement, ~~expansion~~, improvement, ~~change~~ or removal of pipelines after the ~~first~~ pipeline's initial construction, except BP shall not be liable for any damages, as of the execution date of the Pipeline Right-of-Way Agreement, resulting from BP keeping the Pipeline Right-of-Way clear of trees, undergrowth, and brush to the extent BP deems necessary or desirable. This payment shall be deemed full and final payment for any and all damages to land, growing crops, pasturage, reseeding, timber, fences, buildings or other improvements on the Premises, resulting from BP's exercise of the rights herein granted after the ~~first~~ pipeline's ~~initial~~ construction and no other damages, rights or remedies shall be enforceable, collectible or available to Grantor in connection therewith. Grantor hereby agrees to accept said payment as full liquidated damages and relief and hereby releases BP from all other damages or liabilities and waives the right to collect any further or additional damages in any way arising or resulting from BP's exercise of the rights herein granted.

4. No Waiver of Rights: This Agreement or even the willingness to consider executing this Agreement will not be construed as a waiver of any rights of ingress or egress, access or other reasonable use of the surface that BP has under any oil and gas lease or other agreement or under any local, state or federal laws, rules or regulations, pertaining to the Right-of-Way. This Agreement is intended to avoid any issue or question as to the use of the Right-of-Way but is not a waiver of other contractual or legal rights in the event this Agreement is deemed unenforceable for any reason. In the event BP decides, in its sole opinion, that it is necessary, or is required by law to utilize a location different from the agreed upon location for the Right-of-Way, BP will notify Grantor and attempt to negotiate an appropriate amendment to this Agreement. In the event mutual agreement on such an amendment can not be reached in the sole opinion of either party, both parties, again, reserve their rights under all existing leases, contracts, laws, rules and regulations regarding the ingress or egress, access and other reasonable use of the surface of the Right-of-Way.

5. Successors and Assigns: The terms and conditions of this Agreement are binding upon and inure to the benefit of the Parties, their heirs, executors, administrators, successors, assigns, and legal representatives. All rights herein granted may be assigned in whole or in part. The rights herein granted shall be possessed, continued, and enjoyed by BP, its successors and assigns, so long as any of the pipeline(s) and appurtenances constructed pursuant to the Agreement are used or held for use by BP or its successors or assigns.

The Parties have executed this Agreement on the day and year first above written.

Joseph A. Hotter Trust

By Joseph A. Hotter  
Joseph A. Hotter, Co-Trustee

BP America Production Company

By Lee M. Scarborough  
Lee M. Scarborough  
Senior Land Negotiator

By B.J. Stangly, Co-Trustee  
B.J. Stangly, Co-Trustee

Frances M. Hotter Trust

By Frances M. Hotter  
Frances M. Hotter, Co-Trustee

By B.J. Stangly, Co-Trustee  
B.J. Stangly, Co-Trustee

STATE OF COLORADO  
COUNTY OF LA PLATA

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The foregoing instrument was acknowledged before me this 21 day of February, 2006 by Lee M. Scarborough as Senior Land Negotiator for BP America Production Company, a Delaware corporation.

Witness my hand and official seal.  
My Commission Expires:  
10/31/2006

Heina Doleen  
Notary Public

STATE OF COLORADO  
COUNTY OF LA PLATA

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On this 20 day of February, 2006, before me the undersigned Notary Public in and for said County and State, personally appeared Frances M. Hotter as Co-Trustee for the Frances M. Hotter Trust dated November 16, 1999 and Joseph A. Hotter as Co-Trustee for the Joseph A. Hotter Trust dated November 16, 1999 known to be the persons whose names are subscribed to the foregoing instrument and acknowledged that they executed the same as their free and voluntary act and deed for the purposes and consideration therein mentioned and set forth.

Witness my hand and official seal the day and year last above written.

My Commission Expires:  
10/31/2006

Heina Doleen  
Notary Public

**EXHIBIT "A"**  
**TO PIPELINE RIGHT-OF-WAY AGREEMENT**  
**La Plata County, Colorado**

The SE/4, W/2 of the NE/4, SE/4 of the NW/4 all in Section 17, and all that portion of the SW/4 of Section 17 lying east of U.S. Highway #550 right-of-way, as it currently exists, all lying and being in Township 34 North, Range 9 West, N.M.P.M., La Plata County, Colorado, said pipeline easement being more particularly described in Exhibit "B" attached hereto and made part hereof

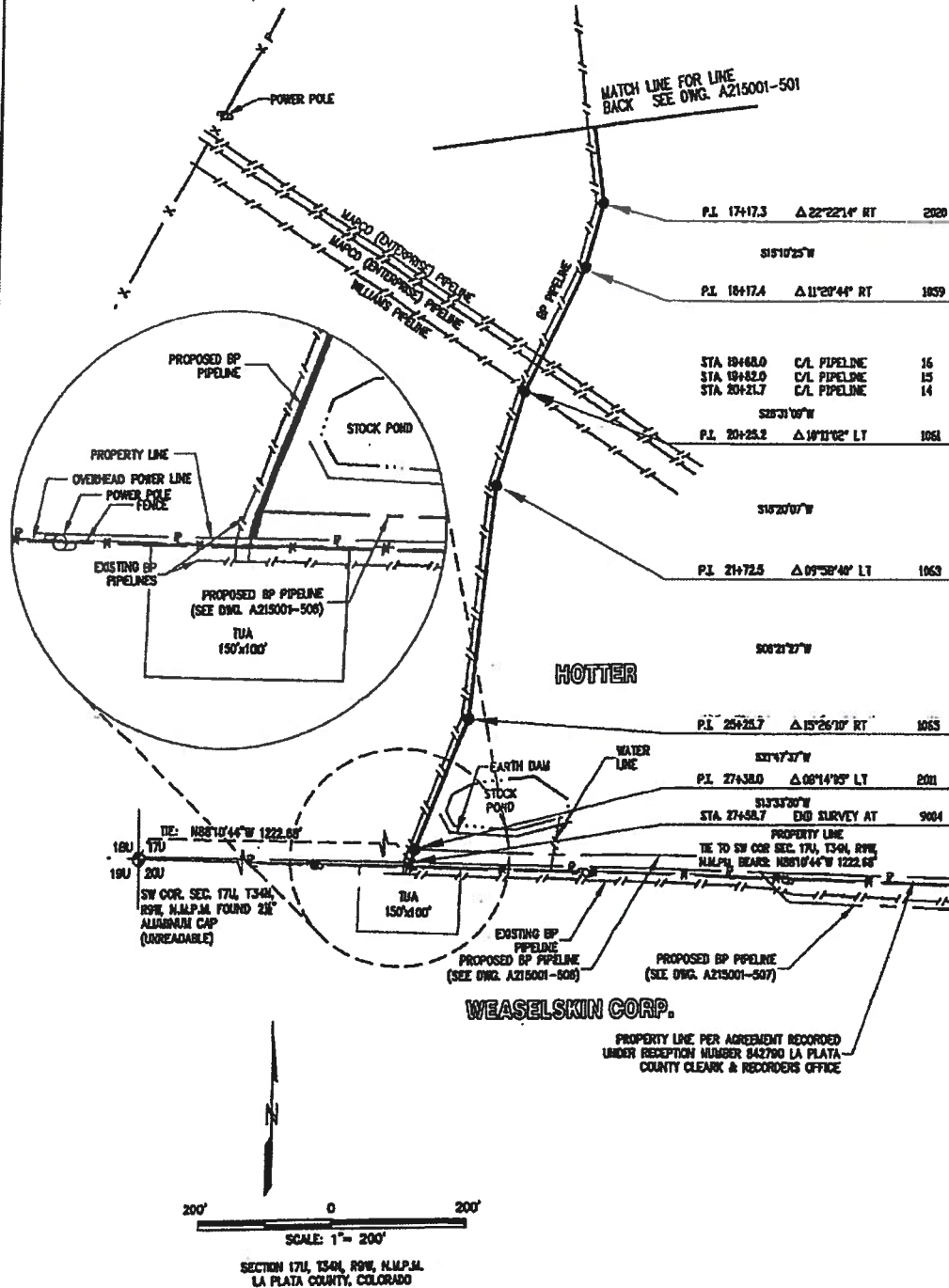








OWNER	STATION TO STATION	FT/RODS
FRANCES M. HOTTER TRUST, JOSEPH A. HOTTER TRUST	16100.0 TO 27+58.7	1158.7 FT / 70.2 ROOS



- NOTES:**
1. ALL GAS, WATER AND UTILITY LINES SHOULD BE LOCATED PRIOR TO ANY EXCAVATING, DIGGING, OR TRENCHING ANYWHERE NEAR OR ON THIS SITE.
  2. TRIGON EPC ASSUMES NO RESPONSIBILITY FOR SPECIFIC LOCATION OF ANY BURIED GAS, WATER, OR UTILITY LINES THAT MAY BE PRESENT NEAR THIS SITE, NOR IS ANY LIABILITY ASSUMED FOR ANY LEGAL ACTION WHICH RESULTS FROM A DISCOVERY OF A GAS, WATER, OR UTILITY LINE IN ADDITION TO OR IN A DIFFERENT LOCATION THAN SHOWN ON THIS PLAN.
  3. NOTICE: ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVERED SUCH DEFECT. IN NO EVENT, MAY AN ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THE DATE OF THE CERTIFICATION SHOWN HEREON.
- BASES OF BEARING IS GPS OBSERVATION BETWEEN THE NORTH 1/4 COR. SEC 21, T34N, R7W, N.M.P.M. AND THE SOUTH 1/4 COR. OF S48 SECTION 21 AS SHOWN HEREON.  
REFERENCE BEARING = SOUTH 01°50'00" WEST.

-SHEET 2 OF 9-

CLIENT		DESCRIPTION	
		HOTTER PIPELINE LOOP PIPELINE EASEMENT	
DATE SURVEYED 11/16/05	REVISION DATE 5/10/06	DRAWN BY: AEM	DATE DRAWN 11/18/05
SURVEYED BY TRIGON EPC 150 TECH CENTER DRIVE, SUITE E DURANGO, CO 81301 970-385-8100		PREPARED BY <b>TRIGON EPC</b> ENGINEERING • PROCUREMENT • CONSTRUCTION	

"B" p 5 of 5

**HOTTER PROPERTY EASEMENT**

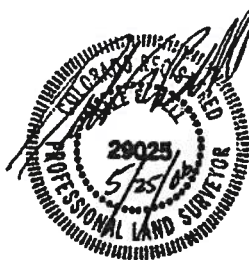
A PIPELINE EASEMENT LOCATED IN SECTION 17U, TOWNSHIP 34 NORTH, RANGE 9 WEST, N.M.P.M., LA PLATA COUNTY, COLORADO. SAID EASEMENT TEMPORARILY BEING 50 (FIFTY) FOOT WIDE, 25 (TWENTYFIVE) FEET EITHER SIDE OF CENTERLINE DURING CONSTRUCTION AND REVERTING BACK TO A PERMANENT 30 (THIRTY) FOOT WIDE EASEMENT, 15 (FIFTEEN) FEET EITHER SIDE OF CENTERLINE AFTER CONSTRUCTION, SAID CENTERLINE OF EASEMENT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF SAID SECTION 17U, A 2 1/2" ALUMINUM CAP; THENCE NORTH 36°22'00" EAST A DISTANCE OF 3,124.22 FEET TO THE POINT OF BEGINNING;

THENCE SOUTH 86°03'23" WEST A DISTANCE OF 34.2 FEET;  
THENCE NORTH 71°26'57" WEST A DISTANCE OF 27.5 FEET;  
THENCE SOUTH 32°33'48" WEST A DISTANCE OF 430.4 FEET;  
THENCE SOUTH 21°39'59" WEST A DISTANCE OF 107.2 FEET;  
THENCE SOUTH 14°45'03" WEST A DISTANCE OF 218.3 FEET;  
THENCE SOUTH 04°23'06" WEST A DISTANCE OF 186.7 FEET;  
THENCE SOUTH 01°19'16" WEST A DISTANCE OF 233.7 FEET;  
THENCE SOUTH 07°03'46" EAST A DISTANCE OF 247.1 FEET;  
THENCE SOUTH 07°11'49" EAST A DISTANCE OF 232.2 FEET;  
THENCE SOUTH 15°10'25" WEST A DISTANCE OF 100.1 FEET;  
THENCE SOUTH 26°31'09" WEST A DISTANCE OF 207.8 FEET;  
THENCE SOUTH 16°20'07" WEST A DISTANCE OF 147.3 FEET;  
THENCE SOUTH 06°21'27" WEST A DISTANCE OF 353.2 FEET;  
THENCE SOUTH 21°47'37" WEST A DISTANCE OF 212.3 FEET;  
THENCE SOUTH 13°33'30" WEST A DISTANCE OF 20.7 FEET TO A POINT FROM WHENCE THE SOUTHWEST CORNER OF SAID SECTION 17U BEARS NORTH 88°10'44" WEST A DISTANCE OF 1222.68 FEET.

PROPOSED PIPELINE CONTAINING 2758.7 FEET AND 167.2 RODS.

I, DALE E. BELL, DO HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY OF THE LAND UNDER MY RESPONSIBLE CHARGE, AND IN MY PROFESSIONAL OPINION, IT IS TRUE AND CORRECT BASED ON THE STANDARDS OF CARE OF COLORADO PROFESSIONAL LAND SURVEYORS.

DALE E. BELL  
C.O.L.D. REG. L.S. NO. 29025  
FOR AND ON BEHALF OF  
TRIGON-EPC  
150 TECH CENTER DRIVE, SUITE E  
DURANGO, COLORADO 81301



SHEET 3 OF 5

CLIENT 		DESCRIPTION HOTTER PIPELINE LOOP PIPELINE EASEMENT	
DATE SURVEYED 11/16/05	REVISION DATED 5/10/06	DRAWN BY: AEM	DATE DRAWN 12/21/05
SURVEYED BY TRIGON EPC 150 TECH CENTER DRIVE, SUITE E DURANGO, CO 81301 970-365-9100		PREPARED BY <b>TRIGON EPC</b> ENGINEERING • PROCUREMENT • CONSTRUCTION	

May 22, 2006 - Revised by: [unclear] - P.L.S. - M. Wilson (L.S. #29025) Pipeline and Supporter's PROFESSIONAL LAND SURVEYOR - Member Number: Long/Hi-Range/AS/29025-2002-060



934537 5/25/2006 2:38 PM Linda Daley  
1 of 8 AGR RS41.00 D\$0.00 Laplata County Clerk

RIGHT-OF-WAY AGREEMENT

THIS AGREEMENT is made effective FEBRUARY 14, 2006, between Weaselskin Corporation, with an address at 12995 U.S. Highway #550, Durango, Colorado 81303 ("Grantor", whether one or more) and BP America Production Company, with an address at 501 WestLake Park Blvd., Houston, Texas 77079 ("BP"). Grantor and BP (the "Parties") agree as follows:

1. Grant of Right-of-Way: For Ten Dollars (\$10.00) and other good and valuable consideration paid by BP to Grantor, Grantor hereby grants and conveys to BP a pipeline right-of-way approximately 40 (forty) feet wide ("Pipeline Right-of-Way") to construct, reconstruct, maintain, inspect, operate, replace, expand, improve, change or remove a pipeline and/or additional pipelines and/or other appurtenances at any time and from time to time during the term of this Agreement, for the transportation of oil, gas, petroleum products, water, and any other substances, whether fluid or solid, any products and derivatives of any of the foregoing, and any combinations and mixtures of any of the foregoing, upon and along a route to be selected by BP, in, on, over, or through land of which Grantor is the owner in fee simple, situated in La Plata County, Colorado, and further described on Exhibit "A" and on the pipeline survey plat described as Exhibit "B" which is attached hereto and incorporated herein by reference (the "Premises"). This grant of the Pipeline Right-of-Way includes the rights of ingress and egress to and from and at all times over the Premises to and from said Pipeline Right-of-Way and along and upon the same for any and all purposes necessary or incident to BP's exercise of the rights granted in this Agreement, and for access to adjoining properties through which any of BP's pipelines also cross. The initial pipeline laid within the Right-of-Way pursuant to this Agreement will be subject to the Damage Reimbursement Provision set out in Section 3(a) below. Each additional pipeline that is laid in the Pipeline Right-of-Way pursuant to this Agreement will be subject to the Damage Reimbursement Provision set out in Section 3 (b) below. Grantor shall have the right to use and enjoy the Premises; provided, however, Grantor shall not exercise such use and enjoyment in any manner that will impair or interfere with BP's exercise of any rights herein granted. Grantor shall not build, create, construct or permit to be built, created or constructed, any obstruction, building, lake, engineering works or other structure over or on the Pipeline Right-of-way.
  
2. Payment for Pipeline Right-of-Way: The consideration described in Sections 1 and 3(a), shall be paid after a survey establishes the first Pipeline Right-of-Way routing and before initial construction of the first pipeline. Damage Reimbursement for the laying of additional pipelines within the Pipeline Right-of Way shall be paid in accordance with Section 3(b) after a survey establishes pipeline routing within the Pipeline Right-of-Way and before the construction of the additional pipeline.
  
3. Damage Reimbursement: (a) BP shall pay Grantor damages on a per acre basis for any actual damage caused by BP's activities on the Premises in connection with the first pipeline's initial construction. This payment shall be deemed full and final payment for any and all damages to land, growing crops, pasturage, reseeding, timber, fences, buildings or other improvements on the Premises, resulting from BP's exercise of the rights herein granted during the first pipeline's initial construction and no other damages, rights or remedies shall be enforceable, collectible or available to Grantor in connection therewith. Grantor hereby agrees to accept said payment as

Please mail back to: Timberline Land Corp. 150 Rockpoint Dr., Sk F, Durango Co 81301

STATE OF COLORADO  
COUNTY OF LA PLATA

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The foregoing instrument was acknowledged before me this 14 day of February, 2006 by Lee M. Scarborough as Senior Land Negotiator for BP America Production Company, a Delaware corporation.

Witness my hand and official seal.

My Commission Expires:

10/31/06

*Hina Dacera*  
Notary Public

STATE OF COLORADO  
COUNTY OF LA PLATA

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On this 14<sup>th</sup> day of FEB, 2006, before me the undersigned Notary Public in and for said County and State, personally appeared William R. Thurston as President for the Weaselskin Corporation known to be the person whose name is subscribed to the foregoing instrument and acknowledged that he/she executed the same as his/her free and voluntary act and deed for the purposes and consideration therein mentioned and set forth.

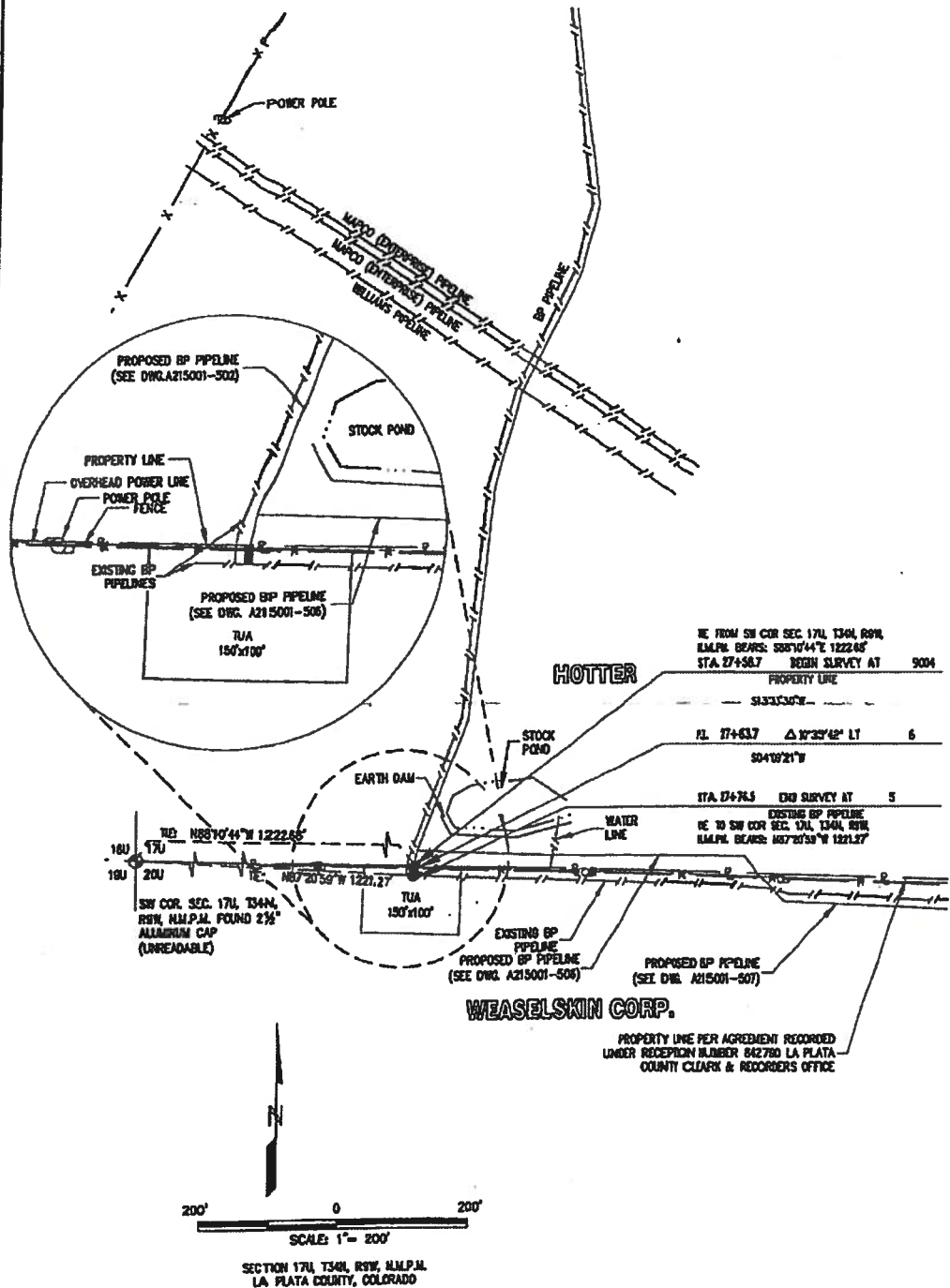
Witness my hand and official seal the day and year last above written.

My Commission Expires:

10/31/2006

*Hina Dacera*  
Notary Public

OWNER	STATION TO STATION	F7/ROOS
WEASELSKIN CORP.	27+58.7 TO 27+76.5	17.8 FT / 1.1 ROOS



MAY 21, 2006 - 7:00am by asj/epc - Fetch - W:\Jobs\19-HA5-ZK-00001\19-HA5-ZK-00001.dwg - Hotter Pipeline Loop W-Drawn\A215001-504.dwg

**NOTES:**

- ALL GAS, WATER AND UTILITY LINES SHOULD BE LOCATED PRIOR TO ANY EXCAVATING, DIGGING, OR TRENCHING ANYWHERE NEAR OR ON THIS SITE.
- TRIGON EPC ASSUMES NO RESPONSIBILITY FOR SPECIFIC LOCATION OF ANY BURIED GAS, WATER, OR UTILITY LINES THAT MAY BE PRESENT NEAR THIS SITE, NOR IS ANY LIABILITY ASSUMED FOR ANY LEGAL ACTION WHICH RESULTS FROM A DISCOVERY OF A GAS, WATER, OR UTILITY LINE IN ADDITION TO OR IN A DIFFERENT LOCATION THAN SHOWN ON THIS PLAN.
- NOTICE: ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVERED SUCH DEFECT. IN NO EVENT, MAY AN ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THE DATE OF THE CERTIFICATION SHOWN HEREON.

BASIS OF BEARING IS GPS OBSERVATION BETWEEN THE NORTH 1/4 COR. SEC. 21, T35N, R7W, N.M.P.M. AND THE SOUTH 1/4 COR. OF SMD SECTION 21 AS SHOWN HEREON.  
 REFERENCE BEARING = SOUTH 01°00'00" WEST.

<b>CLIENT</b> 		<b>DESCRIPTION</b> HOTTER PIPELINE LOOP PIPELINE EASEMENT	
DATE SURVEYED 11/16/05	REVISION DATE 5/10/06	DRAWN BY AEM	DATE DRAWN 11/18/05
SURVEYED BY TRIGON EPC 150 TECH CENTER DRIVE, SUITE E DURANGO, CO 81301 970-383-9100		PREPARED BY ENGINEERING • PROCUREMENT • CONSTRUCTION	





### La Plata County, CO



*Disclaimer:* The information is provided as is without warranty of any kind, either express or implied, including but not limited to the implied warranties of merchantability and fitness for a particular purpose. In no event shall La Plata County be liable for any damages whatsoever including direct, indirect, incidental, consequential, loss of business profits or special damages.

Map Scale  
1 Inch = 88 feet

Exhibit A 18 of 28

FOR AND IN CONSIDERATION OF THE SUM OF One Hundred and no/100 Dollars (\$100.00) and other valuable consideration, the receipt of which is hereby acknowledged, the, WFAELSKIN CORPORATION, 12995 U.S. Highway #550, Durango, Colorado 81301, hereinafter called Grantor (whether one or more), hereby grants unto Amoco Production Company, a Delaware Corporation, its successors and assigns, hereinafter called Grantee, a right-of-way to construct, maintain, inspect, operate, replace, change or remove a pipeline or pipelines, or other appurtenances, for the transportation of oil, gas, petroleum products, water, and any other substances, whether fluid or solid, any products and derivatives of any of the foregoing, and any combinations and mixtures of any of the foregoing, upon and along a route to be selected by Grantee, in, on, over, or through the following described land of which Grantor warrants that Grantor is the owner in fee simple, situate in LA PLATA County, State of COLORADO, and hereinafter further described to-wit:

**TRACT I:**

TOWNSHIP 34 NORTH, RANGE 9 WEST, N.M.P.M.:  
SECTION 18: S/2 SE/4  
SECTION 19: NE/4 NW/4

**TRACT II:**

TOWNSHIP 34 NORTH, RANGE 9 WEST, N.M.P.M.:  
SECTION 19: NE/4

LESS AND EXCEPT a tract of land lying in the NE/4 of said Section 19, more particularly described as follows: BEGINNING at the SE Corner of said Section 19, Thence North 00°31' West, 4001.45 feet to the true point of beginning, said point being on the west right-of-way line of U.S. Highway 550, Thence West 96.77 feet; Thence South 02°50' East, 251.98 feet; Thence South 01°52' West, 147.81 feet; Thence East 88.57 feet to a point on the west right-of-way line of U.S. Highway 550; Thence North 00°05' East 399.40 feet along said right-of-way line to the true point of beginning.

ALSO LESS AND EXCEPT a tract of land lying in the NE/4 of said Section 19, more particularly described as follows: Beginning at the SE Corner of said Section 19, Thence North 00°43' West 3034.52 feet to the true point of beginning, said point being on the west right-of-way line of U.S. Highway 550, Thence North 00°05' East 567.78 feet along said right-of-way; Thence West 88.57 feet; Thence South 01°52' West 210.79 feet; Thence South 18°43' East 158.88 feet; Thence South 07°05' East 120.20 feet; Thence South 18°13' East 91.95 feet to the true point of beginning.

ALSO LESS AND EXCEPT a tract of land lying in the NE/4 of said Section 19, more particularly described as follows: Beginning at a point whence the SE Corner of said Section 19 bears South 0°41'37" East 2683.61 feet; Thence running along the West boundary line of U.S. Highway 550 right-of-way, North 0°05' East 153.04 feet; Thence running West 6.00 feet; Thence running North 0°05' East 197.83 feet, here leaving said right-of-way boundary; Thence North 18°13' West 91.95 feet; Thence running North 07°05' West 120.20 feet; Thence running North 18°43' West 158.88 feet; Thence running North 01°52' East 210.79 feet; Thence running West 268.63 feet; Thence running South 918.06 feet; Thence running East 361.85 feet to the point of beginning.

ALSO LESS AND EXCEPT a tract of land in the SE/4 of Section 18, Township 34 North, Range 9 West, N.M.P.M., La Plata County, Colorado, more particularly described as follows: BEGINNING at a point whence the southeast corner of said Section 18 bears South 64°02'49" East a distance of 28.75 feet; Thence North 89°58' West a distance of 269.16 feet; Thence North 04°02'30" West a distance of 25.96 feet; Thence North 89°35'46" West a distance of 122.77 feet; Thence South 08°20' East a distance of 29.73 feet; Thence South 89°36'55" West a distance of 755.70 feet; Thence North 02°17'25" West a distance of 1311.03 feet; Thence North 89°10'15" East a distance of 1185.10 feet; Thence South 00°35'20" East a distance of 1319.49 feet to the point of beginning and containing 35.10 acres, more or less.

563209

-3-

NOTARY ACKNOWLEDGEMENT

STATE OF COLORADO )  
 )SS:  
COUNTY OF LA PLATA )

The foregoing instrument was acknowledged before me this 22nd  
day of February, 1988, by William R. Hurst  
as President of WEASELSKIN CORPORATION.

My Commission Expires:  
12-28-89  
STATE OF CO.

David R. Balfour  
Notary Public  
Address: 908 Oak Drive  
Durango Colo 81301

RECEPTION # 564303  
Record of 11/12/88  
State of Colorado

PO # 4  
Routing # 19-HA5

**RIGHT-OF-WAY AGREEMENT**

FOR AND IN CONSIDERATION OF THE SUM OF One Hundred and no/100 Dollars (\$100.00) and other good and valuable consideration, the receipt of which is hereby acknowledged, I/We, JOE A. HOTTER and FRANCES M. HOTTER, hereinafter called Grantor (whether one or more), hereby grants unto Amoco Production Company, a Delaware Corporation, its successors and assigns, hereinafter called Grantee, a right-of-way to construct, maintain, inspect, operate, replace, change or remove a pipeline or pipelines, or other appurtenances, for the transportation of oil, gas, petroleum products, water, and any other substances, whether fluid or solid, any products and derivatives of any of the foregoing, and any combinations and mixtures of any of the foregoing, upon and along a route to be selected by Grantee, in, on, over, or through the following described land of which Grantor warrants that Grantor is the owner in fee simple, situate in LA PLATA County, State of COLORADO, and hereinafter further described to-wit:

The SE/4, W/2 of the NE/4, SE/4 of the NW/4 all in Section 17, and all that portion of the SW/4 of Section 17 lying east of U.S. Highway #550 right-of-way, as it currently exists, all lying and being in Township 34 North, Range 9 West, N.M.P.M., La Plata County, Colorado, said pipeline easement being more particularly described in Exhibit "A" attached hereto and made a part hereof;

together with the right of ingress and egress to and from said land for any and all purposes necessary and incident to the exercise by said Grantee of the rights granted by this contract.

Grantor shall have the right to use and enjoy the above described premises, provided, however, Grantor shall not exercise such use and enjoyment in a manner that will impair or interfere with the exercise by Grantee of any of the rights herein granted. Grantor agrees not to build, create, construct or permit to be built, created or constructed, any obstruction, building, lake, engineering works or other structure over or on the right-of-way herein granted.

The consideration paid by Grantee and received by Grantor includes full and final payment for any and all damages to the land, growing crops, pasturage, reseeded, timber, fences, buildings or other improvements of Grantor resulting from the exercise of the rights herein granted during initial construction and no other damages, rights or remedies shall be enforceable, collectible or available to Grantor and Grantor hereby accepts said consideration in full liquidated damages and relief and hereby releases Grantee of and from all such damages and waives the right to collect any further or additional damages, in any way arising or resulting from the exercise of the rights herein granted during initial construction. Grantee does agree, however, to pay for actual damages to growing crops, pasturage, reseeded, timber, fences, buildings or other improvements of Grantor resulting from the reconstruction, replacement or repair of such installation after its initial construction, except Grantee shall not be liable for damages resulting from keeping the right-of-way clean of trees, undergrowth, and brush to the extent Grantee deems necessary in the exercise of the rights herein granted.

It is agreed that any payment due hereunder may be made direct to said Grantor or any one of them. The terms, conditions, and provisions of this agreement shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, executors, administrators, successors, assigns, and legal representatives. All rights herein granted may be released or assigned in whole or in part.

EXECUTED this 30 day of April, 19 88.

Joe A. Hotter  
JOE A. HOTTER

Frances M. Hotter  
FRANCES M. HOTTER

Att  
Agt  
Hot  
Con  
---

(1)

(2)

(3)

(4)

STATE OF COLORADO )  
                          ) SS:  
COUNTY OF LA PLATA )

On this 3rd day of April, 1988, before me the undersigned Notary Public in and for said County and State, personally appeared JOE A. HOTTER and FRANCES M. HOTTER, his wife, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged that they executed the same as their free and voluntary act and deed for the purposes and consideration therein mentioned and set forth.

Witness my hand and official seal the day and year last above written.

My Commission Expires: 2-16-89

Harriet C. ...  
Notary Public

**SURFACE USE AGREEMENT  
(HOTTER GAS UNIT A #2)**

THIS SURFACE USE AGREEMENT is made this 26<sup>th</sup> day of April, 2002 by and between BP America Production Company ("BP"), a Delaware Corporation, with an office at 380 Airport Road, Durango, CO 81303, and, JOE A. HOTTER and FRANCES M. HOTTER, as joint tenants as to equal undivided one-half (1/2) interests, ("Landowner"), with an address at P.O. Box 1308, Durango, CO 81303.

WHEREAS, Landowner owns 100% of the surface of a tract of land located in the SE/4, W/2 of the NE/4, SE/4 of the NW/4 all in Section 17, and all that portion of the SW/4 of Section 17 lying east of U.S. Highway 550 right-of-way as it currently exists, all lying and being in Township 34 North, Range 9 West, N.M.P.M., La Plata County, Colorado (hereinafter the "Property"); and LESS AND EXCEPT 1.29 acres, more or less, in the SE/4 of the NW/4 of said Section 17 conveyed to Chester C. Jackson and Devita I. Jackson by Deed dated February 26, 1971, and recorded under Reception # 366338. FURTHER LESS AND EXCEPT that certain tract containing 50 acres, more or less, conveyed to American Diversified, Inc. by deed dated 6-4-93 and recorded under Reception # 640676 in La Plata County on 6-25-93.

WHEREAS, BP is the owner of oil and gas leasehold interests underlying or pertaining to the Property and is the operator with respect thereto; and

WHEREAS, the parties have reached an agreement regarding BP's use of the Property related to oil and gas development thereon for the purpose of drilling a well from a surface location on the Property;

NOW, THEREFORE, based on the above premises and mutual covenants contained herein, the parties agree as follows:

1. **Consideration.** Prior to commencing site preparation for the drilling of any well on the Property, BP shall pay Landowner the sum of \$10.00, and any other good and valuable consideration that has been agreed upon in writing with respect to the use of the Property. This payment is for all damages to the Property from BP's reasonable use thereof.
2. **Drillsite.** BP shall only use such portions of the Property as are reasonably necessary, however, the surface area actually disturbed for the drillsite shall in no event be more than one and one-half (1-1/2) acres. Subject to approval of the Colorado Oil And Gas Conservation Commission ("COGCC"), the drillsite shall be as shown on the well location plat attached as Exhibit "A". Upon completion of the well, BP will attempt to reclaim the drillsite to as small an area as practicable. However, BP will not reclaim the drillsite to such an area that is unsafe. BP shall have the full and complete use of the original drillsite (not more than one and one-half acres) for future operations.
3. **Access Road.** BP has the right to construct and maintain a graveled access road for the sole purpose of its ingress and egress to the drillsite. BP will make reasonable efforts to minimize the access road impact to Landowner.
4. **Pipeline Tie-in.** BP will install one gas-gathering and one water-gathering pipeline. Such pipelines shall, to the extent practicable, be buried to a minimum depth of 36 inches below the surface.
5. **Noise Abatement.** BP will comply with COGCC Rule 802 concerning Noise Abatement and shall install sound walls, mufflers and/or other devices, if necessary.
6. **Equipment.** BP will make reasonable efforts to minimize the impact of all equipment associated with the well.
7. **Pits.** BP, in its discretion, may use synthetic liners for any pits utilized, however, BP must bury said liners upon final reclamation of the site.

Surface Use Agreement  
Hotter Gas Unit A #2  
Page 1 of 3

**SURFACE USE AGREEMENT  
(HOTTER GAS UNIT A #2)**

16. Notice. Owner hereby waives the thirty (30) day notification prior to commencement of drilling operations as required by Rule 305.b of the COGCC rules and has received the brochure, "Information for Oil and Gas Operators, Surface Owners and Surface Tenants," as per COGCC Rule 305.c.(6).

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

Landowner  
Joseph A. Hotter  
By: Joe A. Hotter  
Joe A. Hotter

BP America Production Company  
By: G. Scott Thompson  
G. Scott Thompson  
Director Infill Land Operations

By: Frances M. Hotter  
Frances M. Hotter

STATE OF COLORADO )  
 ) ss.  
COUNTY OF LA PLATA )

**BOERHER**  
SUBSCRIBED AND SWORN TO before me this 29 day of April, 2002,  
by G. Scott Thompson, Director Infill Land Operations for BP America Production Company, a Delaware Corporation.

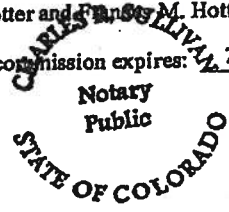
My commission expires: 10/31/02

Gina Dacuna  
Notary Public

STATE OF COLORADO )  
 ) ss.  
COUNTY OF LA PLATA )

SUBSCRIBED AND SWORN TO before me this 26<sup>th</sup> day of April, 2002,  
by Joe A. Hotter and Frances M. Hotter.

My commission expires: 2-11-2005



Charles Sullivan  
Notary Public





Exhibit "A"

PO #: 4810004-1

Routing #: 19-HA5-ZK-00001

AN AS-BUILT SURVEY  
BP AMERICA PRODUCTION COMPANY, DURANGO  
WITHIN NE 1/4 SW 1/4 OF SECTION 17, T 34 N, R 09 W, N.M.P.M.  
LA PLATA COUNTY, COLORADO

SECTION 8

A LEGAL DESCRIPTION  
JOE A. HOTTER & FRANCES M. HOTTER

AN EASEMENT AND RIGHT-OF-WAY OVER AND ACROSS A PORTION IN THE NE 1/4 SW 1/4 OF SECTION 17, T 34 N, R 09 W, N.M.P.M., LA PLATA COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS HAVING A 50 FOOT TOTAL RIGHT-OF-WAY FOR THE FOLLOWING DESCRIBED CENTERLINE.

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 17, THENCE S55°33'38"W A DISTANCE OF 4441.4 FEET, MORE OR LESS, TO THE "POINT OF BEGINNING" FOR THIS DESCRIPTION.

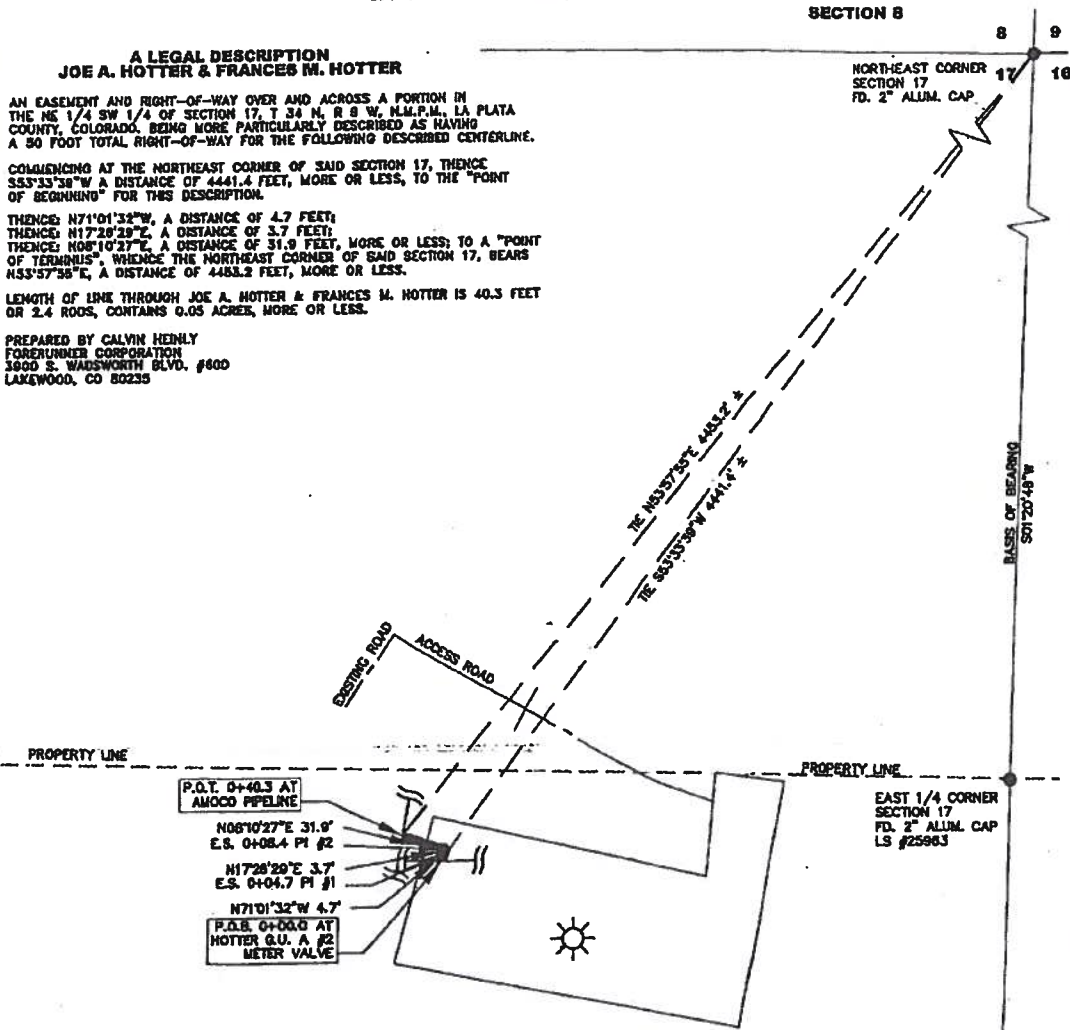
THENCE N71°01'32"W, A DISTANCE OF 4.7 FEET;  
THENCE N17°28'29"E, A DISTANCE OF 3.7 FEET;  
THENCE N08°10'27"E, A DISTANCE OF 31.9 FEET, MORE OR LESS; TO A "POINT OF TERMINUS", WHENCE THE NORTHEAST CORNER OF SAID SECTION 17, BEARS N33°57'55"E, A DISTANCE OF 4488.2 FEET, MORE OR LESS.

LENGTH OF LINE THROUGH JOE A. HOTTER & FRANCES M. HOTTER IS 40.3 FEET OR 2.4 ROOFS, CONTAINS 0.05 ACRES, MORE OR LESS.

PREPARED BY CALVIN HEINLY  
FORERUNNER CORPORATION  
1600 S. WARDSWORTH BLVD. #600  
LAKEWOOD, CO 80235

NORTHEAST CORNER  
SECTION 17  
FD. 2" ALUM. CAP

BASES OF BEARING  
M-87-02-103



PROPERTY LINE

PROPERTY LINE

P.O.T. 0+40.3 AT  
AMOCO PIPELINE

N08°10'27"E 31.9'

E.S. 0+08.4 PI #2

N17°28'29"E 3.7'

E.S. 0+04.7 PI #1

N71°01'32"W 4.7'

P.O.B. 0+00.0 AT  
HOTTER G.U. A #2  
METER VALVE

EAST 1/4 CORNER  
SECTION 17  
FD. 2" ALUM. CAP  
LS #25963

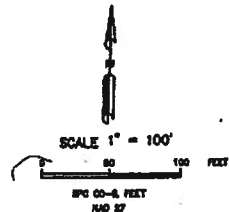
NE 1/4 SW 1/4 OF SECTION 17  
JOE A. HOTTER & FRANCES M. HOTTER



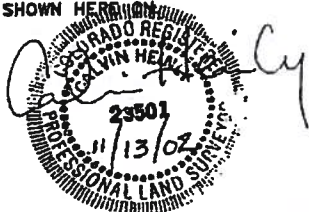
847510  
2 of 4 SUP

1/16/2003 2:32:11 PM  
R \$21.00 D \$0.00

Linda J. Daley  
Laplata County, CO



I, CALVIN HEINLY, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT A SURVEY OF PIPELINE AND EASEMENT AS SHOWN HERE WAS MADE UNDER MY DIRECT SUPERVISION IN THE MONTH OF OCTOBER 2002 AND THAT OF SAID SURVEY IS ACCURATELY SHOWN HEREON.



CALVIN HEINLY  
P.L.S. #23501

1) BASIS OF BEARING: GPS OBSERVATION ALONG THE EAST LINE OF THE NE 1/4 OF SAID SECTION 17, AS DEFINED BY DOCUMENTATION SHOWN HEREON. BEARS: S01°20'48"W  
2) DATE FIELD SURVEY: 10/17/02  
NOTICE: ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVERED SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THE DATE OF THIS CERTIFICATION SHOWN HEREON.



DATE	11/13/02	BY	HEINLY	FOR	MOTTER-AS
SCALE	1" = 100'	RECORD		FILE NO.	
NO.		BY		DATE	

Exhibit "B"

AN AS-BUILT SURVEY

PO #: 481000441

Routing #: 19-HA5-ZK-00001

BP AMERICA PRODUCTION COMPANY, DURANGO  
WITHIN NE 1/4 SW 1/4 OF SECTION 17, T 34 N, R 09 W, N.M.P.M.  
LA PLATA COUNTY, COLORADO

A LEGAL DESCRIPTION  
JOE A. HOTTER & FRANCES M. HOTTER

AN EASEMENT FOR DIGRESS AND EGRESS OVER AND ACROSS A PORTION IN THE NE 1/4 SW 1/4 OF SECTION 17, T 34 N, R 9 W, N.M.P.M., LA PLATA COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS HAVING A 20 FOOT TOTAL RIGHT-OF-WAY FOR THE FOLLOWING DESCRIBED CENTERLINE.

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 17, THENCE S33°08'16"W A DISTANCE OF 4280.8 FEET, MORE OR LESS, TO A POINT ON THE NORTH LINE OF JOE A. HOTTER & FRANCES M. HOTTER LAND FOR THIS DESCRIPTION.

THENCE: S62°48'48"E, A DISTANCE OF 13.2 FEET;  
THENCE: S70°16'16"E, A DISTANCE OF 44.3 FEET, MORE OR LESS; TO A "POINT OF TERMINUS", WHENCE THE NORTHEAST CORNER OF SAID SECTION 17, BEARS N52°25'50"E; A DISTANCE OF 4280.9 FEET, MORE OR LESS.

LENGTH OF LINE THROUGH JOE A. HOTTER & FRANCES M. HOTTER IS 57.6 FEET OR 3.5 RODS, CONTAINS 0.03 ACRES, MORE OR LESS.

PREPARED BY CALVIN HEINLY  
FORERUNNER CORPORATION  
3800 S. WASHINGTON BLVD. #600  
LAKEWOOD, CO 80233

SECTION 8

NORTHEAST CORNER  
SECTION 17  
FD. 2" ALUM. CAP

8 9  
17 18

BASES OF BEARING  
S01°20'48"W

E.S. 2+04.6 PROPERTY LINE END  
JOSEPH A. HOTTER & B.J. STANGBY  
AS CO-TRUSTEES OF THE JOSEPH  
A. HOTTER TRUST/ BEGIN JOE A.  
HOTTER & FRANCES M. HOTTER

EAST 1/4 CORNER  
SECTION 17  
FD. 2" ALUM. CAP  
LS #23863

PROPERTY LINE

S62°48'48"E 13.2'

PROPERTY LINE

E.S. 2+17.9 PI #2  
S70°16'16"E 44.3'

P.O.T. 2+62.1 AT  
HOTTER G.U. A #2  
WELL PAD

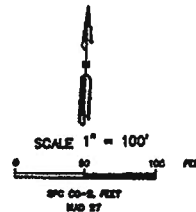
PIPELINE



NE 1/4 SW 1/4 OF SECTION 17  
JOE A. HOTTER & FRANCES M. HOTTER



847510 1/16/2003 2:32:11 PM Linda J. Daley  
3 of 4 SUP R \$21.00 D \$0.00 LaPlata County, CO



I, CALVIN HEINLY, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT A SURVEY OF PIPELINE AND EASEMENT AS SHOWN HERE WAS MADE UNDER MY DIRECT SUPERVISION IN THE MONTH OF OCTOBER 2002 AND THAT OF SAID SURVEY IS ACCURATELY SHOWN HERE ON.



CALVIN HEINLY  
P.L.S. #23501

1) BASIS OF BEARING: GPS OBSERVATION ALONG THE EAST LINE OF THE NE 1/4 OF SAID SECTION 17, AS DEFINED BY MONUMENTATION SHOWN HEREON. BEARS: S01°20'48"W  
2) DATE FIELD SURVEY: 10/17/02  
NOTICE: ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVERED SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THE DATE OF THIS CERTIFICATION SHOWN HEREON.



DATE	11/13/02	BY	HEINLY
SCALE	1" = 100'	PROJECT	HOTTER-ASCI
NO.	11/13/02	DATE	11/13/02

Exhibit "B"  
AN AS-BUILT SURVEY

PO #: 481000441  
Routing #: 19-HA5-ZK-00001

BP AMERICA PRODUCTION COMPANY, DURANGO  
WITHIN SE 1/4 NW 1/4 OF SECTION 17, T 34 N, R 09 W, N.M.P.M.  
LA PLATA COUNTY, COLORADO

A LEGAL DESCRIPTION  
JOSEPH A. HOTTER & B.J. STANGBY AS  
CO-TRUSTEES OF THE JOSEPH A. HOTTER TRUST

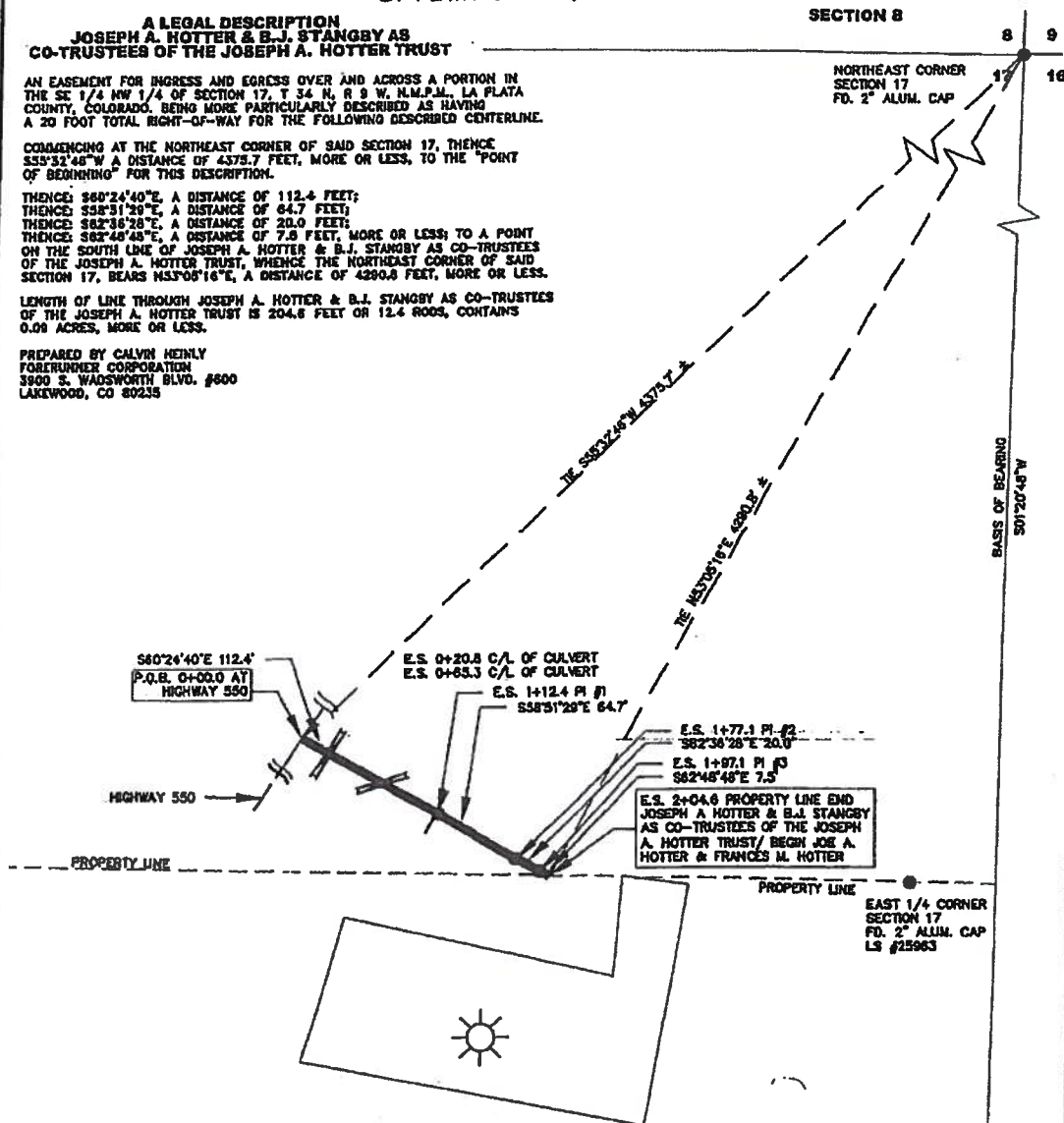
AN EASEMENT FOR ingress and egress over and across a portion in the SE 1/4 NW 1/4 of SECTION 17, T 34 N, R 9 W, N.M.P.M., LA PLATA COUNTY, COLORADO, BEING MORE PARTICULARLY DESCRIBED AS HAVING A 20 FOOT TOTAL RIGHT-OF-WAY FOR THE FOLLOWING DESCRIBED CENTERLINE.

COMMENCING AT THE NORTHEAST CORNER OF SAID SECTION 17, THENCE S55°32'48"W A DISTANCE OF 4375.7 FEET, MORE OR LESS, TO THE "POINT OF BEGINNING" FOR THIS DESCRIPTION.

THENCE S60°24'40"E, A DISTANCE OF 112.4 FEET;  
THENCE S58°51'28"E, A DISTANCE OF 64.7 FEET;  
THENCE S62°36'28"E, A DISTANCE OF 20.0 FEET;  
THENCE S67°48'48"E, A DISTANCE OF 7.5 FEET, MORE OR LESS, TO A POINT ON THE SOUTH LINE OF JOSEPH A. HOTTER & B.J. STANGBY AS CO-TRUSTEES OF THE JOSEPH A. HOTTER TRUST, WHENCE THE NORTHEAST CORNER OF SAID SECTION 17, BEARS N53°06'16"E, A DISTANCE OF 4290.8 FEET, MORE OR LESS.

LENGTH OF LINE THROUGH JOSEPH A. HOTTER & B.J. STANGBY AS CO-TRUSTEES OF THE JOSEPH A. HOTTER TRUST IS 204.6 FEET OR 12.4 RODS, CONTAINS 0.00 ACRES, MORE OR LESS.

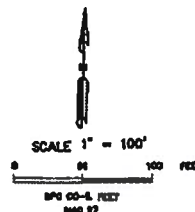
PREPARED BY CALVIN HEINLY  
FORERUNNER CORPORATION  
3900 S. WADSWORTH BLVD. #600  
LAKEWOOD, CO 80225



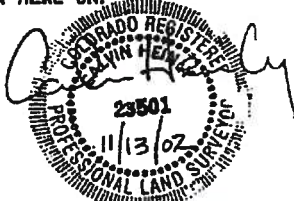
SE 1/4 NW 1/4 OF SECTION 17  
JOSEPH A. HOTTER & B.J. STANGBY AS  
CO-TRUSTEES OF THE JOSEPH A. HOTTER TRUST



847510 1/16/2003 2:32:11 PM Linda J. Daley  
4 of 4 SUP R \$21.00 D \$0.00 LaPlata County, CO



I, CALVIN HEINLY, A LICENSED PROFESSIONAL LAND SURVEYOR IN THE STATE OF COLORADO, DO HEREBY CERTIFY THAT A SURVEY OF PIPELINE AND EASEMENT AS SHOWN HERE WAS MADE UNDER MY DIRECT SUPERVISION IN THE MONTH OF OCTOBER 2002 AND THAT OF SAID SURVEY IS ACCURATELY SHOWN HERE ON.



CALVIN HEINLY  
P.L.S. #23501

- 1) BASIS OF BEARING: GPS OBSERVATION ALONG THE EAST LINE OF THE NE 1/4 OF SAID SECTION 17, AS DEFINED BY MONUMENTATION SHOWN HEREON. BEARS: S01°20'48"W
  - 2) DATE FIELD SURVEY: 10/17/02
- NOTICE: ACCORDING TO COLORADO LAW, YOU MUST COMMENCE ANY LEGAL ACTION BASED UPON ANY DEFECT IN THIS SURVEY WITHIN THREE YEARS AFTER YOU FIRST DISCOVERED SUCH DEFECT. IN NO EVENT MAY ANY ACTION BASED UPON ANY DEFECT IN THIS SURVEY BE COMMENCED MORE THAN TEN YEARS FROM THE DATE OF THIS CERTIFICATION SHOWN HEREON.

FORERUNNER	
DATE	11/28/03
BY	NOTTER-ASR

**SAMPLE OPTION LETTER**

**Exhibit B**

*NOTE: This option is limited to the specific Agreement scenario listed below AND cannot be used in place of exercising a formal amendment.*

<b>FY:</b>	<b>Old Routing #</b>	<b>Old PO #</b>
<b>Option Letter #</b>	<b>New Routing #</b>	<b>New PO # (if applicable)</b>

**A. FUNDING LEVEL UPDATE:** Revised OWNER'S COST ESTIMATE (see Exhibit C-1) is attached.

**B. REQUIRED PROVISIONS:** In accordance with Paragraph 17 of the original Agreement between the State of Colorado acting by and through the Colorado Department of Transportation ("CDOT") and \_\_\_\_\_ (the "Owner"), dated \_\_\_\_\_ ("Agreement"), CDOT hereby exercises its option to increase/decrease Work Costs (as defined in Paragraph 5 of the Agreement) based on changes in the Work as specified on the attached revised Owner's Cost Estimate on Exhibit C-1. Exhibit C to the Agreement is hereby deleted in its entirety and Exhibit C-1 is hereby incorporated by reference into the Agreement.

The amount of Work Costs is increased/decreased by \$ \_\_\_\_\_ to a new Agreement value of \$ \_\_\_\_\_ as consideration for Work ordered under the Agreement. Paragraph 5 Determination of Work Costs in the Agreement is hereby modified accordingly. The total Agreement value including all previous amendments, option letters, etc. is \$ \_\_\_\_\_.

The effective date of this Option Letter is upon approval of CDOT Controller or delegate, whichever is later.

**STATE OF COLORADO**

John W. Hickenlooper, Governor

By: \_\_\_\_\_  
for the Executive Director  
Colorado Department of Transportation

**ALL CONTRACTS MUST BE APPROVED BY THE STATE CONTROLLER**

§24-30-202, C.R.S. requires the State Controller to approve all State Contracts. This Contract is not valid until signed and dated below by the State Controller or delegate. The Owner is not authorized to begin performance until such time. If the Owner begins performing prior thereto, the State of Colorado is not obligated to pay the Owner for such performance or for any goods and/or services provided hereunder.

**STATE CONTROLLER**  
David J. McDermott, CPA

By: \_\_\_\_\_  
Colorado Department of Transportation

Date: \_\_\_\_\_

1999 Bryan Street, Suite 1200  
Dallas, Texas 75201  
United States  
T +1.720.286.0453  
M +1.970.759.3564  
www.jacobs.com



Brie Olson Stahnke  
BP America Production Company  
381 Airport Road  
Durango, CO 813

March 16, 2018

**Subject: CDOT 550-160 Project**

Dear Brie,

Please find attached the CDOT 550-160 Project Estimate and Engineering Scope of Work. We anticipate that you will find our proposal and Scope of Work is customized to your needs for this project, and that our services are an excellent value.

Please review this document carefully. Should you have questions or need additional information, please call me at (970) 759-3564 or e-mail me at [deb.bartel@CH2M.com](mailto:deb.bartel@CH2M.com). We look forward to a successful completion of the project.

We appreciate your time and look forward to your response.

Respectfully,

Debra Bartel  
JACOBS Project Manager  
Durango Lead

Mark Olmsted, P.E.  
Pipeline Director

1 Attachment:

Attachment A – FEL Pipeline Cost Estimate



## 1. GENERAL PROJECT DESCRIPTION

The Colorado Department of Transportation (CDOT) has developed preliminary right of way plans to upgrade Highway 550 south of Durango, Colorado. The current highway is over capacity; causes poor turning movements, poor sight distance, an increase in wildlife crossings and traffic accidents. CDOT has escalated this project to shovel ready for 2019 construction.

The upgrade will include four lanes remaining on the existing alignment with improvements for curvature, grades and sight distance. The proposed right of way plans from CDOT, indicate that the location of several BP pipelines and two well pads will be impacted by the proposed realignment. BP will be required by CDOT to re-route the affected lines, and remove them from the proposed new highway 550 right of way.

This project had been initiated in 2008 and had some preliminary drawings completed. Upon review of the CDOT Right of Way Plans for CDOT Project NH 5501-015 Shelf-Level Design Build Documents, dated January 28, 2018, specifically the following: Subset Sheets 14 through 24 of 29 and Sheets 10 through 16, the following existing BP pipelines and well pads will require realignment and/or modifications:

### 1.1 Pipeline between Hotter GU A 1 and Hotter, Joe GU 1: 3" fiberglass gas line and 3" PE water line (approximately 3550'):

- Currently routes along east side of proposed ROW within permanent construction area to be a cut slope and crosses highway 550 to Hotter, Joe GU 1 on west side of highway. (CDOT sheet 14 through 16).
- Currently crosses two lane US 550 at approximately CDOT station 900+00 (CDOT sheet 15) and exits the permanent easement for new highway alignment on the west side.
- This length of pipeline will need to be rerouted outside of highway alignment. This will be replaced with same size pipeline utilizing steel material.
- Pipeline will require new bore crossing of existing highway and open cut on east side to reach edge of the highway re-alignment.
- Pipeline will be routed around east side of well pad on both well locations and along the east edge of the new highway alignment. This will be replaced with same size of pipe utilizing steel material.

### 1.2 Hotter GU A 2 and Hotter GU A 1 well pads:

- Both well pads will require modification to on pad equipment (meters, pit tanks, etc.) to move from their existing place on the west side to the east side.
- The Hotter GU A 1 will require a new access road to the south side of the well pad. (CDOT Sheet 13)

### 1.3 Section of pipeline south of Hotter GU A 1 (approximately 750') 4" fiberglass gas line and 4" HDPE water line:

- This route is within the southern CDOT proposed permanent easement (CDOT sheet 14).
- Pipeline will need to be rerouted east along edge of new highway alignment to edge of well pad (sheet 14)

### 1.4 Weaselskin GU 1 highway crossing (approximately 1300') 6" fiberglass gas and 6" fiberglass water line:

- This route is within the eastern side CDOT proposed permanent easement (CDOT sheet 12).



- Pipeline will require new bore crossing of existing highway and open cut on east side to reach edge of the highway re-alignment.
- Pipeline routing to north will need to be rerouted east along edge of new highway alignment.

**1.5 Weaselskin GU 2 highway crossing (approximately 400') 6" fiberglass gas and 4" fiberglass water line:**

- This route is within the CDOT proposed permanent easement (CDOT sheet 10/10A).
- Pipeline will require new bore crossing of existing highway and open cut on east side to reach edge of the highway re-alignment.

**2. JACOBS SCOPE OF WORK**

**Scope of work is based on the following:**

- BP GIS information.
- CDOT Right of Way Plans for CDOT Project NH 5501-015, dated January 26, 2018
- BP / JACOBS site walk on February 26, 2018.
- Jacobs will confer with BP stakeholders (as identified by BP) to ensure that their concerns are considered and their requirements are met.
- JACOBS will develop engineering packages for review with BP, and then CDOT. Deliverable for this scope of work are listed below. All design calculations will be completed in accordance with United States Code of Federal Regulations, Title 49, Subtitle B, Chapter 1, Subpart D, Part 192 and 195 as applicable.
- BP will provide JACOBS will the current class location for the affected pipelines.



## 2.1 The Scope of Work for the project will include:

Engineering and mapping design for the various pipeline alignment sheets;

Engineering and design for pipeline aboveground tie-in details;

Bill of materials for each phase of the described project

Preparation, submittal, tracking and receipt of approved La Plata County Pipeline Permit (required for the Hotter Gu A1 to Hotter, Joe GU 1 due to length);

Preparation, submittal, tracking and receipt of three (3) CDOT crossing permits

Preparation, submittal, negotiation and receipt for Surface Use Agreement Amendments for two (2) well pads)

Provide monthly updates (or as scheduled to BP project manager) on budget and schedule.

CDOT interaction and coordination for files and survey data.

Assist in optimizing downtime with operations in coordination with BP.

Separate Costs to be estimated for Capital Cost Budgeting:

Cost estimate for third party survey to complete new routing, staking and construction staking of the pipeline on the south side of the new US Highway 160 ROW. The survey will be a "top-of-ditch" survey. The data files will be provided to BP for use in the BP GIS system. Survey of the CDOT edge of ROW will be performed by CDOT, and will provide reference points to CDOT alignment drawings. Construction staking will be an off-set of CDOT ROW.

Approximate cost (+30/-30%) estimate of materials, construction management and construction (including X-ray) for AFE budget purposes only. This document is referenced at Attachment A.

## 3. JACOBS DELIVERABLES

The Deliverables for this scope of work will include:

### 3.1 Hotter GU A 2 and Hotter, Joe GU 1 Pipeline section 3" fiberglass gas line and 3" PE water line (approximately 1950')

- IFR Line List and BOM.
- IFR HDD bore plan and profile for new highway crossing.
- IFR Alignment sheets for new routing.
- IFR Engineering and design for pipeline above ground facilities & tie-in details
- IFC package to include above finalized drawings.

### 3.2 Hotter GU A 2 and Hotter GU A 1: 3" fiberglass gas line and 3" PE water line (approximately 1600')

- IFR Line list and BOM.
- IFR Engineering and design for pipeline above ground facilities & tie-in details.
- IFR Alignment sheets for new routing.
- IFC package of above finalized drawings.





**3.3 Section of pipeline south of Hotter GU A 1 (approximately 500') 4" fiberglass gas line and 4" PE water line**

- IFR Line List.
- IFR Alignment sheets for new routing.
- IFR Engineering and design for pipeline above ground facilities & tie-in details.
- IFC package to include above finalized drawings.

**3.4 Hotter GU A 2 and Hotter GU A 1 well pads:**

- IFR P&ID drawings for new arrangement of well pad equipment and tie in points.
- IFC P&ID drawings for new arrangement of well pad equipment and tie in points.
- Surface Use Agreement Amendment for each well pad denoting new locations and layouts.

**3.5 Weaselskin GU 1 highway crossing (approximately 850') 6" fiberglass gas and 6" fiberglass water line:**

- IFR Line List and BOM,
- IFR HDD bore plan and profile for new highway crossing.
- IFR alignment sheet for new routing.
- IFR Engineering and design for pipeline above ground facilities & tie-in details.
- IFC package to include above finalized drawings.

**3.6 Weaselskin GU 2 highway crossing (approximately 350') 6" fiberglass gas and 4" fiberglass water line:**

- IFR Line List and BOM,
- IFR HDD bore plan and profile for new highway crossing.
- IFR Line list and BOM for reroute out of existing highway alignment
- IFR alignment sheet for new routing.
- IFC package to include above finalized drawings.

**3.7 Engineering and design for pipeline above ground facilities & tie-in details.**

- IFC package to include above finalized drawings.

**3.8 Permits/Job Books**

- La Plata County Pipeline Permit.
- CDOT crossing permits (3) for US Highway 550.

**4. SCHEDULE**

This proposal is dependent upon CDOT approval of scope of work and cost estimate. The estimated twelve (12) week duration schedule for JACOBS scope of work will commence once CDOT has approved the budget and scope of work, and has completed and turned over all of the following items to JACOBS:

- Land acquisitions
- Topo survey
- Cadastral survey
- Wetlands delineation,
- Biological reports



- Archaeological survey

Preliminary work can begin once a PO has been issued, however the below mentioned JACOBS deliverable schedule will be impacted if the full and complete receipt of the above-mentioned information is in any way delayed.

The schedule also assumes that JACOBS will have the opportunity to work continuously on the above scope, and will not incur any stop/start type delays due to missing data or reroutes.

Deliverables	Timeline
Proposal Submitted to BP	March 16, 2018
BP Review of Scope of Work and Approval	March 23, 2018
BP submits to CDOT for Approval	March 26, 2018
BP issues PO for Project	March 30, 2018
JACOBS Scope of Work Begins	5 Days after NTP
All CDOT field work completed and submitted to BP/JACOBS	14 Days after NTP
Alignment sheets and HDD profiles Issued for Review (IFR) to BP	~60 Days after NTP
Alignment Sheet and HDD profiles IFR Review Redline to Jacobs	~65 Days after NTP
Alignment sheets and HDD profiles Issued for Review to CDOT	~75 Days after NTP
Alignment Sheet and HDD profiles Issued For Bid (IFB)	~85 Days after NTP
Alignment Sheets and HDD Profiles Issued for Construction (IFC)	~100 Days after NTP

Permits have a ten (10) day JACOBS preparation time, and a thirty (30) day agency review and approval time period. Within the thirty (30) days of agency review, JACOBS assumes one (1) prepared response to agency comments. JACOBS assumes CDOT will provide assistance to efficiently execute US Highway utility crossing permits.

If scheduled dates for receipt of information or review comments from BP is delayed, BP may be subject to additional cost and delivery schedule delays.

**5. ASSUMPTIONS, CLARIFICATIONS AND EXCLUSIONS:**

**5.1 Assumptions:**

- BP desires a construction start date of second quarter 2019 for the entire project.
- CDOT estimate to have ROW in hand for pipeline alignment first quarter 2019
- CDOT estimate to start highway construction mid-late summer 2019.
- Additional wetland delineation, biological survey reports will be executed by a third party, contracted directly to BP, and will not be performed by JACOBS.
- All CDOT data files pertinent to CDOT right of way at this intersection and expansion area provided to JACOBS for accuracy in providing new alignments for the pipeline re-routes. Native survey files shall include a CSV file (or text file) containing:



- Shot numbers, XYZ, northing/easting elevation and a description (shot code)
- Coordinate system as preferred by BP for deliverables from JACOBS
- Centerline crossing information for all foreign pipelines, BP pipelines, foreign above and below ground utilities, roads, waters of the state, irrigation ditches, river.
- All survey will be performed by a third party that is contracted and hired directly by BP. BP will provide JACOBS with native file survey information for pipeline centerline and ROW TOPO. Native survey files shall include a CSV file (or text files) containing:
  - Exact tie-in points shall be located by BP.
  - CDOT Project NH 5501-015 Subset 14- of 29, sheets 10-16 alignment sheets dated January 26, 2018.
  - BP will provide JACOBS will the current class location for the affected pipelines.

**5.2 Clarifications**

- JACOBS assumes that BP will respond to requests for information and questions within three (3) business days.
- JACOBS is proposing the participation of both Project Manager and Project Engineer in BP-lead project review meetings. We have included time for these individual to participate in one (1) meeting per week.
- Construction Management, field inspection, materials cost and construction costs are only included as a base estimate for BP to set up an AFE. These costs are NOT included in the engineering proposal, but are provided as a reference data point for BP project AFE.
- CDOT will be responsible for land acquisition for new right of way on Fee Lands for the pipeline realignment.

**5.3 Exclusions:**

- Purchased Aerial Photography.
- Construction management and field inspection not included in this engineering proposal, but can be added if requested.
- Construction Bid Packages and Construction Scopes of Work.
- FEL 1 – Pipeline Cost Estimate is only an estimate of the capital cost, a more through detailed analysis can be completed upon request.

**6. JACOBS TEAM**

Project Manager .....	Debra Bartel
Project Engineer .....	Aaron Kohman, PE
CAD/GIS .....	Nicole Blomgren
Land Agent/Permitting .....	Debra Bartel
Project Controls .....	Kim Abbate

Additional staff will be mobilized or individual assignments may be changed as project needs require.



## **7. VALIDITY**

This proposal shall remain valid for thirty (30) days after time of receipt.

## **8. COMPENSATION**

JACOBS proposes to complete work on a time and materials basis under the existing BP contract (BPM-06-01078) dated March 28, 2006, between CH2M Engineers Inc (now JACOBS) and BP America Production Company, and the current rate sheet as identified in Amendment 5 (fully executed on February 4, 2014). Our time and material estimate for these engineering services is **\$89,320.00**

As always, if scope of work changes a change order will be submitted to BP for approval

See the Attachment A for the estimated cost for construction management, field inspection, materials and construction (FEL Pipeline Estimate).

## **9. OPTIONAL SERVICES**

The following services are not included in this proposal; however, JACOBS can provide these services if required:

- Construction management and inspection services for pipeline and facilities.
- Construction progress tracking utilizing the JACOBS tracking system to accurately determine earned value on the project.





**10. CONCLUSION**

We sincerely appreciate the opportunity to be a part of the project team and we are confident our services will meet all your expectations as we move into the project.

We appreciate your time, and await your response. If you have any questions, please contact Debra Bartel at (970) 759-3564. As always, we will strive to minimize overall project costs by executing the project carefully and efficiently.

Scope of work accepted by:

	<u>6/5/2018</u>
_____	_____
Brie Olson Stahnke	Date
BP America Production Company	

	
_____	_____
Deb Bartel	Date
Project Manager	

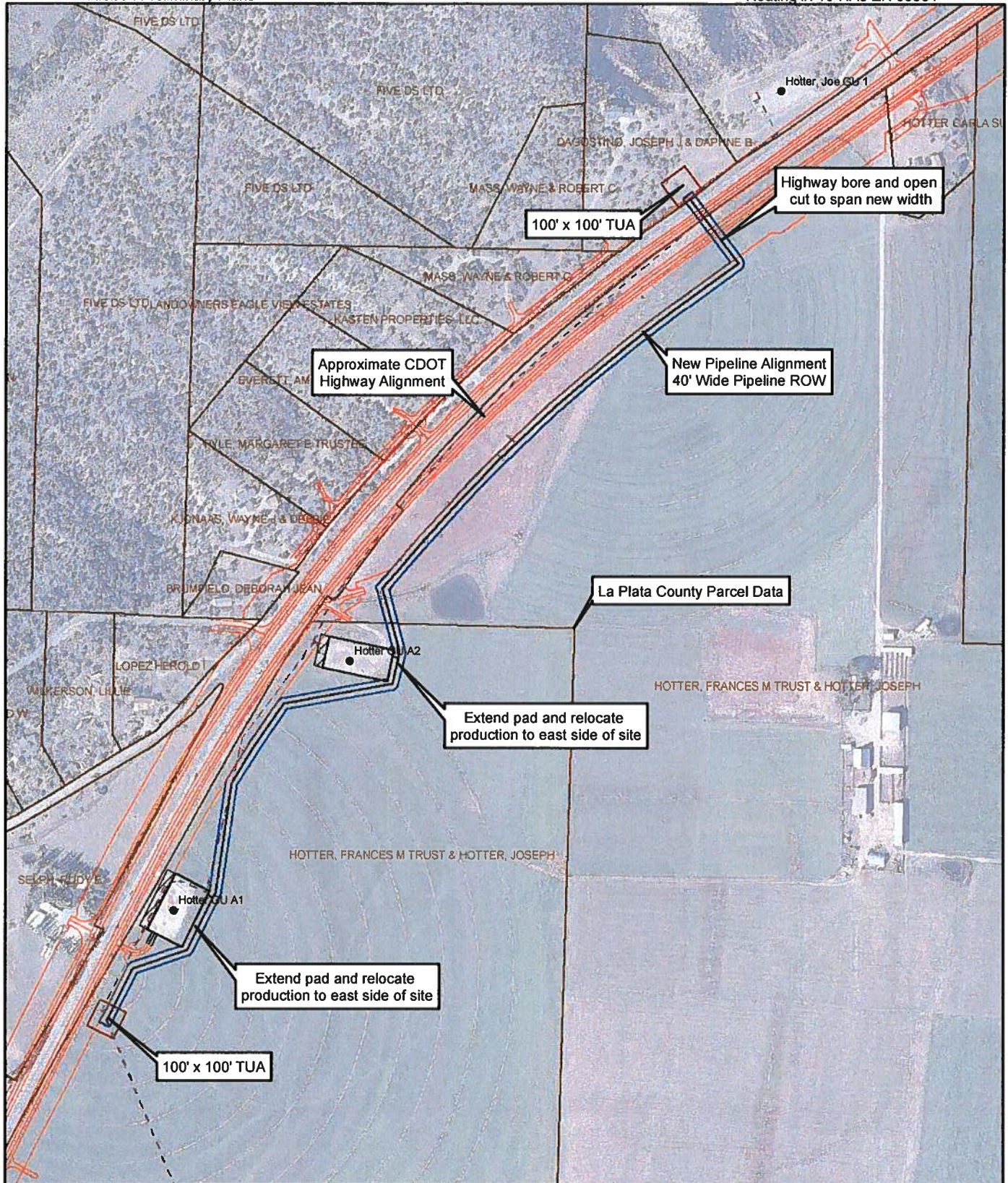
## BP CDOT 550-160 Engrg Price by Element



Chargeable Tasks, All Budgets, without Budget Subtotals, without Period  
 Subtotals, without Estimating Frequency Subtotals

Task	Hours	Labor	Labor Subtotal	\$ Per Hour	Subs	Travel	Subtotal
<b>Top Task 01 - CDOT 550-160 Engrg</b>							
01.00.00.GI.100 - GIS/Mapping	176.00	17,776.00	17,776.00	\$101.00/hr			17,776.00
01.00.00.PE.100 - Pipeline Engrg	265.00	29,412.00	29,412.00	\$110.98/hr			29,412.00
01.00.00.PT.100 - Permitting	60.00	6,900.00	6,900.00	\$115.00/hr			6,900.00
01.00.01.PM.100 - Prj Mgmt Supt	239.00	27,485.00	27,485.00	\$115.00/hr			27,485.00
01.00.09.CN.100 - Contingency		0.00	0.00	7,747.00	0.00	0.00	7,747.00
<b>Subtotal for 01</b>	<b>740.00</b>	<b>81,573.00</b>	<b>81,573.00</b>	<b>7,747.00</b>	<b>0.00</b>	<b>0.00</b>	<b>89,320.00</b>
<b>Grand Total</b>	<b>740.00</b>	<b>81,573.00</b>	<b>81,573.00</b>	<b>7,747.00</b>	<b>0.00</b>	<b>0.00</b>	<b>89,320.00</b>

Exhibit D: Preliminary Plans



- BP Well
- Proposed Pipeline Route
- - Existing BP Gas Pipeline
- - Existing BP Water Pipeline
- ▭ Pad
- ▨ Reclaim
- ▭ TUA
- ▭ ROW



DISCLAIMER: This general arrangement drawing (GAD) has been prepared for a preliminary discussion of a proposed access road location. It is not intended for construction. The location and arrangement of roads are approximate and subject to change at any time without notice due to on-the-ground conditions, regulatory requirements, or other factors. The GAD is not a contract and its use for construction purposes requires written permission from BP America Production Company.

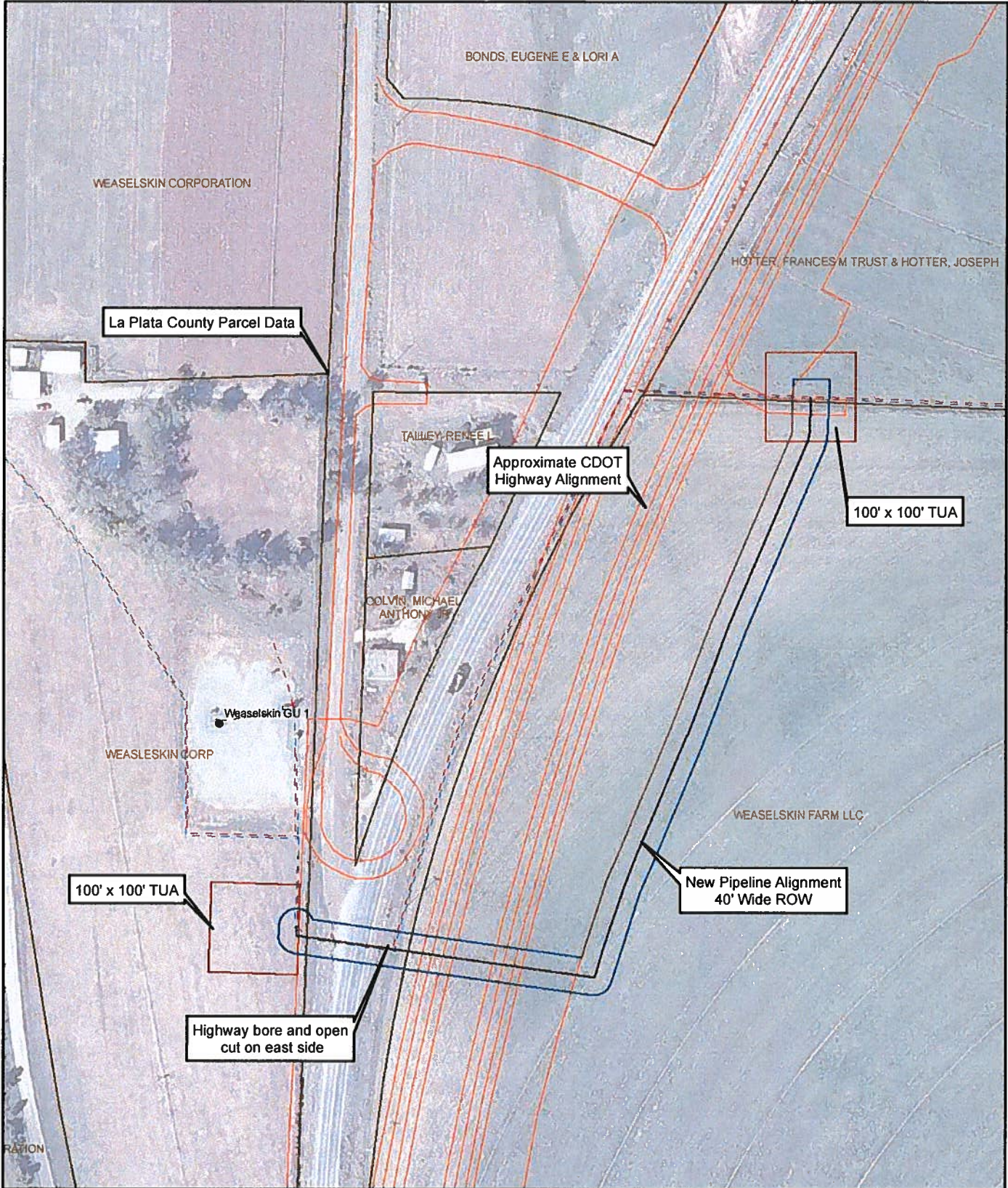
**BP America**  
San Juan North  
Durango, CO

**CDOT 550-16-GAP Mapping Project**  
General Arrangement Design

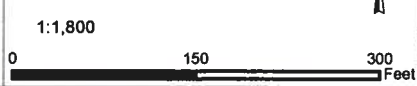
6/1/2018	SCALE AS NOTED	PROJ #	La Plata County, Colorado	REV 0
ENGINEER	FILE			

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Exhibit D: Preliminary Plans



- BP Well
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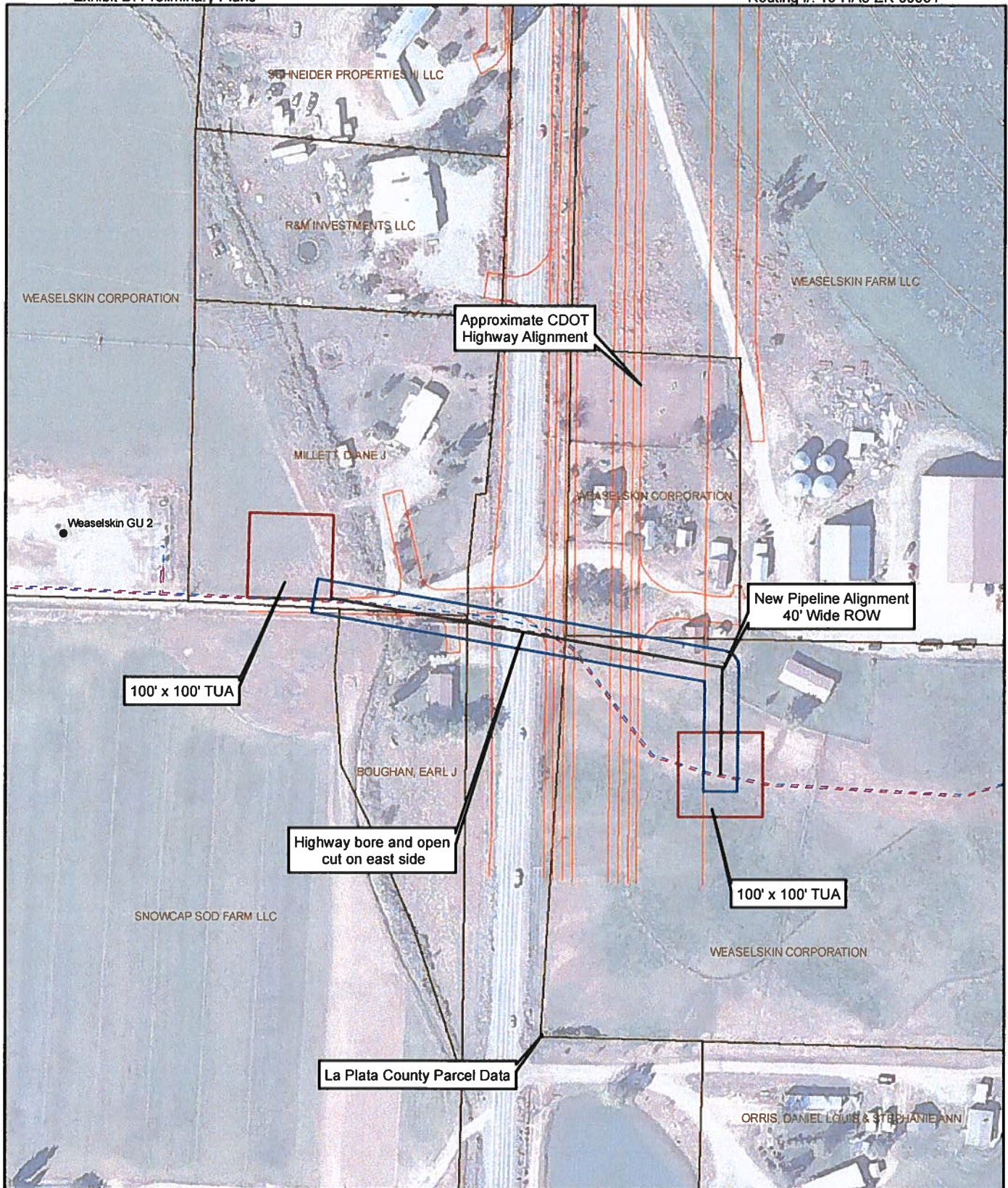


DISCLAIMER: This general arrangement drawing (GAD) has been generated for a preliminary location of a proposed access road, pipeline, or other type of facility. The location and intersection thereof are approximate and subject to change as a time when the size of the ground works, regulatory requirements or (eventual) regulatory clearances (permits) is done. It is not intended to be used for construction and any subsequent work is required. This GAD is confidential and its publication or distribution requires written permission from BP America Production Company.

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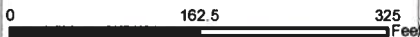
<b>CDOT 550-16-GAP Mapping Project</b>				
General Arrangement Design				
6/1/2018	SCALE AS NOTED	PROJ #	<b>La Plata County, Colorado</b>	REV 0
DR	ENGINEER	FILE		Page 48 of 51





- BP Well
- Proposed Pipeline Route
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- ▭ Pad
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- ▭ TUA
- ▭ ROW

1:1,900



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Durango, CO

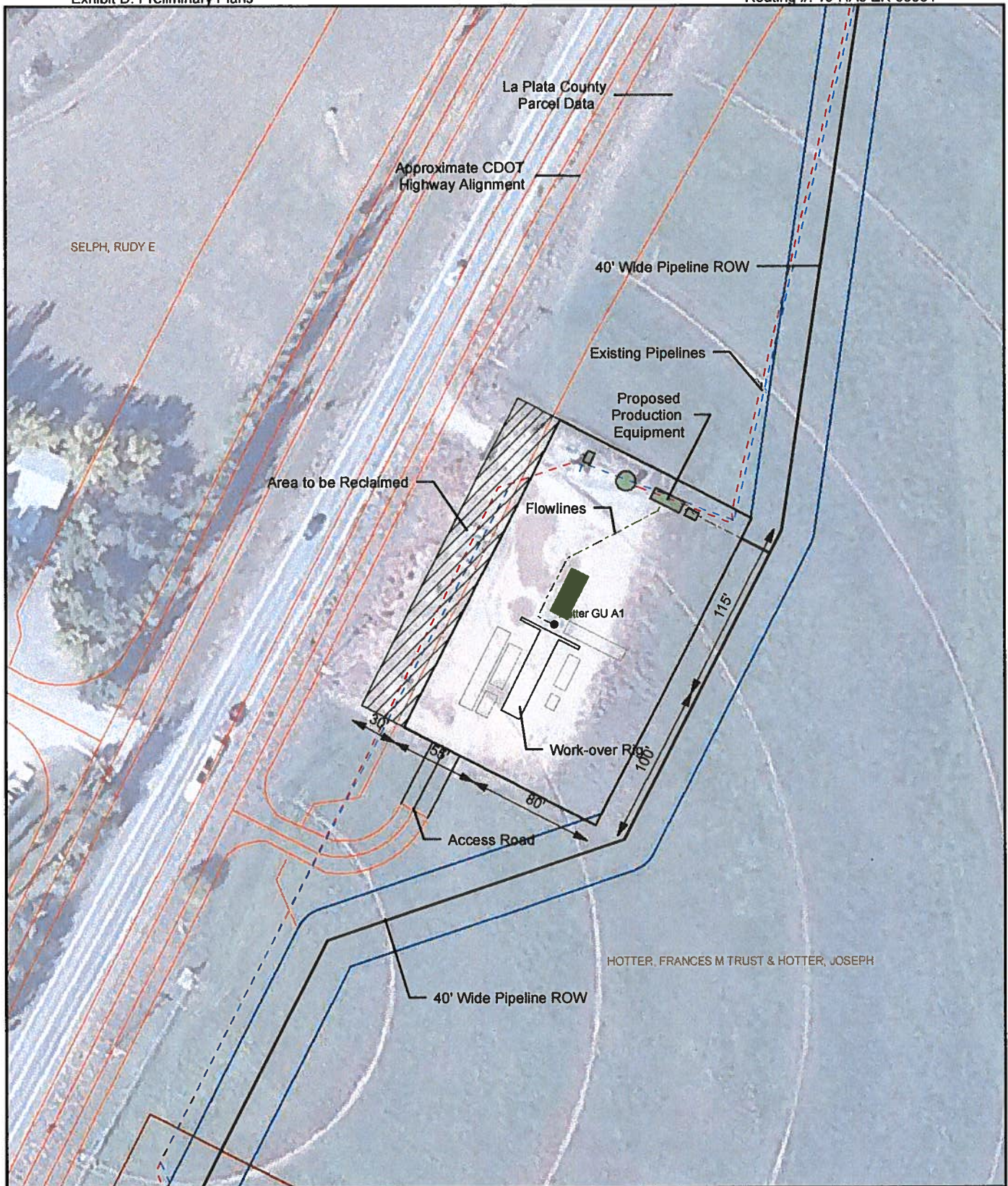
**CDOT 550-16-GAP Mapping Project**  
General Arrangement Design



6/1/2018	SCALE AS NOTED	PROJ #
ENGINEER		FILE

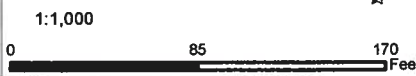
La Plata County, Colorado

REV 0



- BP Well
- Proposed Pipeline Route
- - Existing BP Gas Pipeline
- - Existing BP Water Pipeline
- Pad
- ▨ Reclaim
- ▭ TUA
- ▭ ROW

LAND TYPE: FEE  
 LAT: 37.188477 N  
 LONG: 107.853393 W  
 SW¼ SEC 17, T34N R 09W



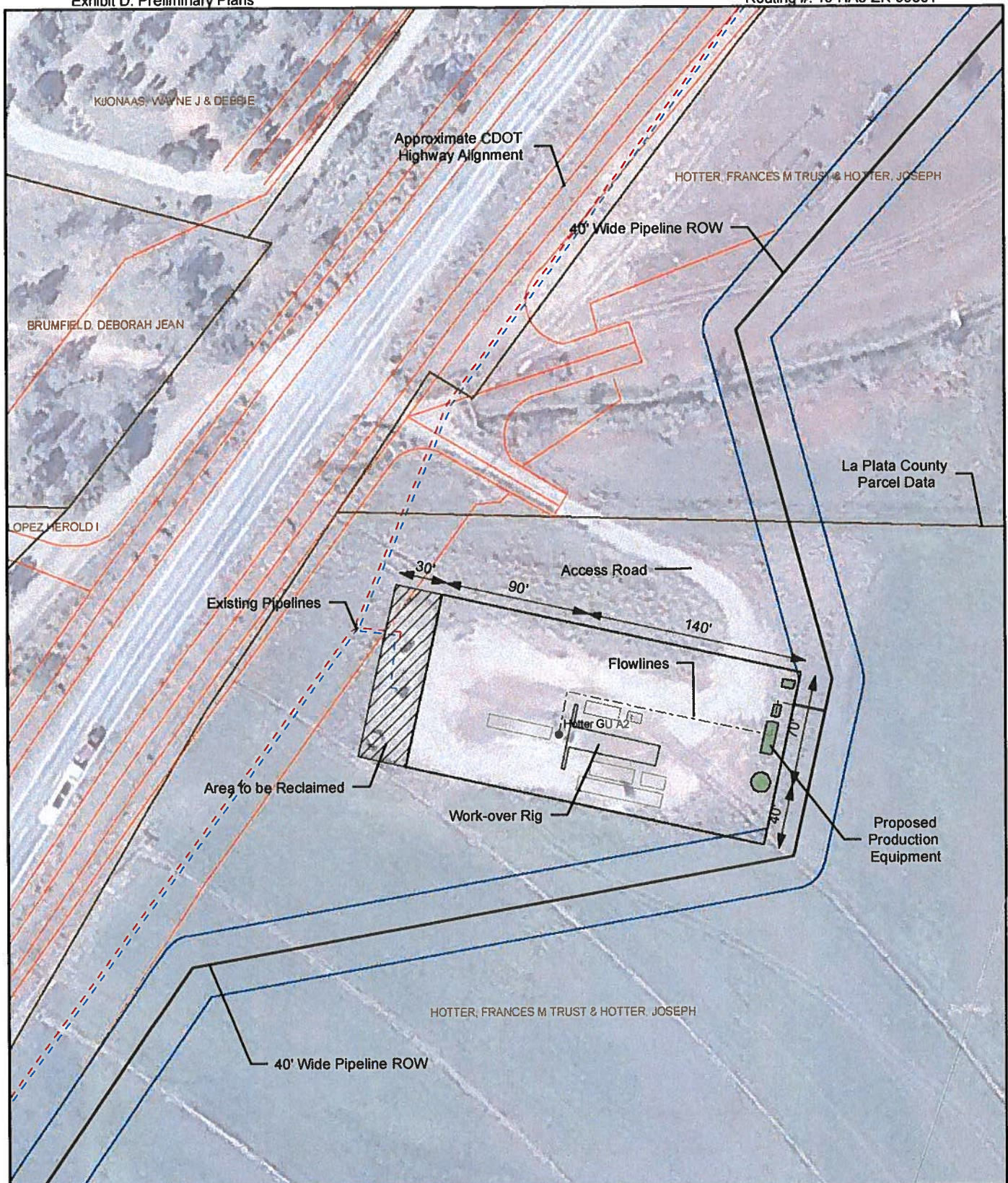
DISCLAIMER: This general arrangement drawing (GAD) has been prepared for a preliminary discussion of a proposed economic project. It is not intended to be a final design. The location and arrangement thereof are approximate and subject to change at any time without notice due to on-the-ground surveys, regulatory requirements or contract limitations. Other factors. Reclamation plans do not reflect cut and fill slopes and are subject to change as data is acquired. This GAD is confidential and its disclosure or distribution requires written permission from BP America Production Company.

**BP America**  
 San Juan North  
 Durango, CO



**Hotter A1**  
 General Arrangement Design

6/1/2018	SCALE AS NOTED	PROJ #	La Plata County, Colorado	REV 0
DR	ENGINEER	FILE		Page 50 of 51



- BP Well
- Proposed Pipeline Route
- - Existing BP Gas Pipeline
- - Existing BP Water Pipeline
- ▭ Pad
- ▨ Reclaim
- ▭ TUA
- ▭ ROW

LAND TYPE: FEE  
 LAT: 37.190874 N  
 LONG: 107.851403 W  
 SW¼ SEC 17, T34N R 09W



DISCLAIMER: This general arrangement drawing (GAD) has been prepared for preliminary discussion of a proposed access road, pipeline, ditches or other type of facility. The location and arrangement of such are approximate and subject to change at any time, whether due to on-the-ground surveys, regulatory requirements or other site-related factors. Reclamation plans to not reflect on the slopes and are subject to change as data is acquired. This GAD is confidential and its duplication or distribution requires written permission from BP America Production Company.

**BP America**  
 San Juan North  
 Durango, CO

<b>Hotter A2</b>			
<b>General Arrangement Design</b>			
6/1/2018	SCALE AS NOTED	PROJ #	<b>La Plata County, Colorado</b>
DB	ENGINEER	FILE	
			REV 0