

Surface Rights Items for Negotiation

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Surface rights granted on a case by case basis at the will of the land owner under the following terms:

1. Exclusions: The following are to be specifically excluded from the surface rights agreement and must be negotiated separately with the land owner within 30 days of requested activity.
 - a. Prior written consent from the land owner is required for underground disposal of salt water.
 - b. Sludge pits or other waste disposal on the property requires prior written consent from the land owner.
 - c. Seismic and other geophysical operations/testing require prior written consent from the land owner.
2. Routes of ingress and egress: are confined to existing roadways on the leased premises
 - a. The O&G Company will use asphalt or concrete for building, improving and maintaining roadways at the request of the land owner. The land owner must provide documentation from a physician that a member of the land owner household has a medical condition including but not limited to asthma, emphysema, lung cancer, or chronic bronchitis that would be irritated or made worse by dust from the increased traffic on the property.
 - b. If a fence needs to be cut to provide passage for a road way the O&G Company will obtain permission from the land owner in writing and supply bracing and/or new fencing (of material and quality of the owners choosing) for the area as requested by the land owner.
 - c. The O&G Company will improve and maintain road ways on the premises including taking reasonable measures to prevent erosion and installation and maintenance of cattle guards.
 - d. The O&G Company will improve and maintain neighborhood road ways not adequately maintained by the parish.
 - e. The O&G Company will provide 4' high chain link or livestock enclosing fencing around road ways on the property if requested by the land owner to protect children and domestic animals from potential harm due to large truck traffic on the road ways.
 - i. The O&G Company will maintain said fencing in good repair
 - ii. The O&G Company will place access gait at the entry of the Road way and at any other points requested by the land owner.
 - iii. The O&G Company will provide keys to the entry gate to the land owner and to no more than 3 employees. The O&G Company will ensure their employees, contract workers or other representatives close entry gates immediately upon entry and exit of the gait.
 - iv. The O&G Company will leave the fencing for the use of the Land Owner upon termination of the lease.
 - f. If deviation from existing road ways is necessary, the O&G company must obtain prior written approval from the land owner for placement of a new roadway. The Land Owner has expressed right to determine placement of roadways on his or her property.

- g. The O&G Company is responsible for full cost for repair and/or replacement of any lines, fences, road ways or any other structure or utility damaged due to placement or widening of access road ways.
 - h. The O&G Company employees, contract workers and other representatives will maintain a speed of 15 miles per hour or less within 1500' of any dwelling and 25 miles per hour or less while on the property.
3. Notification and Consultation: The O&G Company, their employees, contract workers and other representatives will:
- a. Notify the owner prior to entry upon the owner's land and Consult with and receive prior written consent from the land owner as to the location of any well, pod or battery site, gathering system or other facility to be placed on the owner's land.
 - b. Notify the land owner when each drilling and production operation for any well drilled on the land is to begin and is completed and when the company is permanently or temporarily absent from the surface.
 - c. There will be a \$50.00 penalty for each time the company's agents fail to provide said notifications
4. Noise abatement: The O&G company will:
- a. If requested the company will install housing around equipment located within ½ mile of any inhabited dwelling.
 - b. The company will install and operate noise abatement equipment at all facility locations where economically feasible.
 - c. A noise threshold of 65 dB at 200 feet from any oil and gas facility must be met.
 - d. Limit truck traffic on the property to between the hours of 5:30 am and 9:30pm.
5. Termination of rights: The rights granted by the land owner to the O&G company will terminate when the mineral lease terminates, operator ceases its operations on the land, upon operators notification to the land owner of the operator's intention to cease operations, if the land owner elects, upon breach of this agreement by the operator.
- a. The O&G company will execute and deliver to the land owner a good and sufficient recordable release and surrender of all of their rights under the agreement, and will promptly (within 30 days) remove all equipment and property used or placed by the O&G Company on the owners land unless otherwise agreed by the owner in writing or the O&G Company will forfeit all rights to any equipment and property remaining on the land.
6. Nonexclusive rights: The land owner reserves the right to use all access roads and all surface and subsurface uses of the land affected by this agreement and the right to grant successive easements on or across on such terms and conditions as the land owner deems necessary or advisable.
7. Payments: As compensation for surface damages, the O&G Company will pay to the land owner the following:
- a. Stratigraphic test. \$_____ per stratigraphic test (well drilled only to obtain geologic information which is not completed for production) on the owner's land or immediate adjacent properties. This amount will be paid by prior to entering the premises to drill.
 - b. Well locations. \$_____ for each well location on the property or immediate adjacent properties. This amount will be paid to the land owner before entering the premises to drill the well. The O&G Company will also pay the land owner an annual rental of \$_____ per year for each well site location. This payment shall be made on the anniversary date of the commencement of drilling of each well

in each and every year until the well has been plugged and abandoned and the location of any roads and pipelines constructed in connection therewith have been reclaimed as provided in the agreement.

- c. Roads: The O&G Company will pay the land owner an initial access fee of \$_____ per rod (16.5') for use of existing roads on the owner's land, the rate of \$_____ per rod for new roads constructed or existing roads improved by the company on the owner's land. The O&G Company will pay the land owner an annual access rental at the rate of \$_____ per rod for use of roads on the owner's land. The annual payment will commence one year from the anniversary date for the well or wells served by the road, and will be made on the anniversary date in each and every year thereafter until the road is reclaimed and restored by the operator as agreed. The O&G Company will provide the owner with a plat showing the location and length of all roads promptly after their first use, construction or improvement.
- d. Pipelines and other underground transmission devices:
 - i. For each gas gathering system pipeline and each water pipeline less than 8 inches in diameter installed by the Company, the Company will pay the land owner the \$_____ per rod for each pipeline unless pipelines are located in the same ditch, in which case a single payment will be made. A take up of any such pipeline will be at the rate of \$_____ per rod. For pipelines 8 inches in diameter or larger installed by the company, the company will pay the land owner \$_____ per rod for each such pipeline. A take up of any such pipeline will be at the rate of \$_____ per rod. Payments for pipelines will be made within 15 days after installation or take up of the pipeline. There will be no annual rental payment for pipelines.
 - ii. The pipelines covered in this agreement are only those gathering system pipelines used in connection with wells drilled in the section or as allowed in this agreement. Surface damages for high pressure (greater than 970 psi) gas transmission pipelines will be paid for in a separate agreement.
 - iii. Prior written permission from the land owner for placement of underground transmission devices must be obtained. The land owner retains the right to approve where placement may be made on his or her property.
 - iv. Must be buried a minimum of 3 feet below the surface of the earth and a map of buried lines on the property must be provided to the land owner.
 - v. The double ditch method for laying pipe must be used if requested by the land owner.
 - vi. The O&G Company is responsible for full cost for repair and/or replacement of any lines, fences, road ways or any other structure or utility damaged due to placement of underground transmission devices.
 - vii. The O&G Company will be responsible for backfilling, repacking, reseeding and re-contouring the surface so as not to interfere with the owners operations or enjoyment of the property. The Company will give the land owner a plat showing the length and location of all pipelines and gathering systems promptly after their installation. The land owner reserves the right to occupy, use, cultivate the lands affected by such pipelines, and to grant such rights to others, so long as such use does not interfere with operations. If the company fails to use any pipeline for a period in excess of 24 consecutive months, the pipeline will be deemed abandoned and the company will promptly take all actions necessary or desirable to clean up, mitigate the effects of use, and

render the pipeline environmentally safe and fit for abandonment in place. All clean up and mitigation will be performed in compliance with all federal, state and local laws and regulations.

- e. Gathering, Metering and Compression sites. For each central gathering facility or “battery site” the O&G Company will pay the owner an initial fee of \$_____. This amount will be paid by the company prior to entering the premises to construct the battery site. The company will also pay the land owner an annual rental of \$_____ per year for each battery site location.
 - f. Power lines.
 - i. The company will consult with the land owner and with the independent power company supplying power to the company with respect to the location of overhead power lines prior to construction. Overhead power lines will be constructed so as to cause the least possible interference with the owner’s visual landscape and the owner’s existing and future operations, and to the maximum extent possible, overhead power lines will be constructed along fence lines or property lines. Construction will not begin unless the owner has consented to the location of the power lines in writing.
 - ii. All power lines constructed by the company downstream of the independent power company’s meters will be buried and all power line trenches will be fully reclaimed and reseeded to the satisfaction of the land owner. For buried power lines, the company will pay the owner a one time payment of \$_____ per rod unless such power line is installed in the same ditch and at the same time as the pipelines described in the agreement, in which case there will be no duplication of payment.
 - g. Increase or Decrease in Payments: On the fifth anniversary of this surface and damage agreement, and every five years thereafter, surface damage payments provided for in this agreement will be increased or decreased (but never below the amounts in the original agreement) by a percentage equal to the increase or decrease in the Consumer Price index as published by the US Department of Commerce for the preceding five year period.
8. Limitation of Rights: The owner’s land may not be used in connection with operations on other lands owned by the land owner which are not described in the agreement or on other premises not owned or leased by the land owner without the owner’s written consent.
9. Locations: All well site locations will be limited to approximately one acre of land while drilling and no more than one-half acre for permanent facilities. No wells will be drilled within 1,500 feet of any residence, house or barn on the property or immediate adjacent property without prior written consent of the owner (and adjacent property owner if within 500 feet of adjacent property). No housing or dwelling unit will be constructed or placed on the owner’s land by the company.
10. Operations: The Company will at all times keep the well sites and the road rights of way safe and in good order, free of noxious weeds, litter and debris, and will suppress dust and spray for noxious weeds upon reasonable demand by the owner. All cattlegaurd and fences installed by the company will be kept clean and in good repair. The company will not permit the release or discharge of any toxic or hazardous chemicals or wastes on the owner’s land. The company will remove only minimum amount of vegetation necessary for the construction of roads and facilities and will do so with the written permission of the land owner. Topsoil will be conserved during excavation and reused as cover on disturbed areas to facilitate regrowth of vegetation. No construction or routine maintenance activities will be

performed during periods when the soil is too wet to adequately support construction equipment. If such equipment creates ruts in excess of 2 inches deep, the soil will be deemed too wet to adequately support construction equipment. All culverts will be at least 18 inches in diameter. All surface facilities not subject to safety requirements will be painted to blend with the natural color of the landscape. Only truck mounted drilling rigs will be allowed to drill on the property, and no seismic operations will be permitted without the land owner's written consent.

11. Consolidation of facilities: Whenever possible, the company will consolidate its facilities for as many wells as practical. Incoming power will be located at centralized points to minimize to the maximum extent possible the construction of above ground power lines. Battery sites will serve as many wells as possible.
12. Dry hole: If the company does not discover oil or gas in paying quantities at a well site and determines the well to be a "dry hole" or upon cessation of production, the company will give the owner 30 days written notice of the opportunity to take over any abandoned well and convert the well to a water well. If the owner elects in writing to take over the abandoned well and convert the well to a water well, then the owner will assume all liability and costs associated with the well thereafter, and both parties will execute any and all documents necessary to provide that the water in the well will become the property and responsibility of the owner. If the owner does not elect to take over the well and convert it to a water well the company will fill and level the location, re-contour the location, distribute the top soil, make the location ready for reseeded and reseed the area, and plug and abandon the well as required by applicable law and regulations. All clean up and restoration requirements will be completed, if weather permits, by the company within 6 months after termination of drilling or production activities at the well site.
13. New Roads. Any new roads constructed by or for the company will be limited to twenty feet in width for the actual traveled roadbed, together with a reasonable width, not to exceed 15 feet from the edge of the actually traveled roadbed for fills, shoulders and crosses. No permanent roads will be constructed unless the land owner consents in writing to the construction and location of the road. The company will annually maintain existing and newly constructed roads used by the company to the satisfaction of the owner, which maintenance may include shaling, ditching, graveling, blading, installing and cleaning culverts, suppressing dust, repairing asphalt or concrete and spraying for noxious weeds.
14. Fences. The company will construct chain link fences around any dangerous area, including any pits where the operator drills wells and all equipment and buildings. The company will rehabilitate and restore all disturbed areas caused by the companies operations within 6 months after termination of drilling or production activities at the well site and right of way, unless inclement weather prevents such rehabilitation and restoration within that time period.
15. Cattleguards. The company will construct cattleguards with wings at all fence crossings designated by the land owner. Installation of the cattle guards will be at the sole cost and expense of the company. Cattleguards will not be less than 16 feet wide by 8 feet across and will be set on concrete sills not less than 24 inches high by 16 inches wide. Fence braces will be installed on each side of the cattleguards. Fence braces will be constructed of quality and materials selected by the land owner. Cattleguards will be constructed approximately 6 inches above the existing grade of the road so that water does not run into the cattleguard. The company will be responsible for maintenance of all cattleguards used by them, together with wings and attached braces. All cattleguards currently in existence on roads used by the company which are not aligned with existing fence lines will be reconstructed by the company so as to be in line with the fence.

16. Improvements. No fences, cattleguards or other improvements on the land owner's property will be cut or damaged by the company without prior written consent of the owner and the payment of additional damages or the institution of other safeguards to protect the rights and property of the owner. Upon final termination of the company's rights under the agreement, the company will return all roads and other rights of way or sites as near as practical to the condition which they were in prior to the execution of this agreement, unless otherwise agreed by the owner. Unless otherwise agreed by the owner, all disturbed areas caused by the company's activities will be reseeded. Cattleguards will be removed and fences restored as near as practical to the original condition unless otherwise agreed by the owner, in which case all cattleguards installed by the company will become the property of the land owner. All cattleguards and fences installed by the company will be kept clean and in good repair.
17. Purchase of shale and water. To the extent that the company's activities require the use of shale, gravel, or water, where reasonable and practicable the company will purchase shale, gravel, or water from the owner at the rates prevailing in the area. The company recognizes the owner's concern about importation of noxious weeds onto owner's land and, therefore, agrees wherever possible to purchase shale, gravel, or water from the owner.
18. Payments. The payments in the agreement are acknowledged by the land owner as sufficient and in full satisfaction for damages to the owner caused or created by the reasonable and customary entry, rights of way, and operation and use of the roads and well sites, but do not include damage to livestock, pets, buildings, or improvements, or injuries to persons or to any damage or destruction caused to the owner's wells or water supply on the property. The company will be liable for damages if, as a result of its operations hereunder, any water on or under the premises which had been potable is affected to the extent that it is rendered non-potable for humans, cattle or other ranch or domestic animals on the owner's premises, or any such water supply, well or reservoir be destroyed or its output diminished. The company will be liable for any downstream damage caused to other lands or the operations of other landowners. This agreement does not relieve the company from liability due to operator's negligence or due to spills or discharges of any hydrocarbon or toxic or hazardous chemicals or wastes, or from leaks or breaks in the operator's pipelines. Damage to livestock and damage to crops will be paid for by the company at current market value. Any fires caused by the company's personnel, agents or assigns will be paid for by paying the cost of replacement pasture, the cost of trailing or trucking livestock to replacement pasture plus replacement and/or repair costs for all personal property destroyed or damaged. The cost for replacement pasture will be determined by the amount generally accepted in the area for like kind pasture.
19. Restoration. Unless the owner otherwise agrees in writing, upon termination of any of the company's operations on the owner's land, the company will fully restore and level the surface of the land affected by the terminated operations as near as possible to the contours which existed prior to such operations. The company will use water bars and such other measures as appropriate to prevent erosion and nonsource pollution. The company will fully restore all private roads and drainage and irrigation ditches disturbed by the company's operations as near as possible to the condition which existed prior to such operations. All surface restoration will be accomplished to the satisfaction of the land owner.
20. Reseeding. All reseeded will be done with suitable grasses selected by the owner and during a planting period selected by the owner. Reseeding will be done at the rate of 12 pounds of seed per acre for range land, and an amount to be determined by the owner for irrigated ground. In the absence of direction from the owner, no reseeded (except for borrow pits) will be required on any existing access roads. It will be the duty of the company to insure that

a growing ground cover is established upon the disturbed soils and the company will reseed as necessary to accomplish that duty. It will further be the duty of the company to inspect and control all noxious weeds as may become established within areas used or disturbed by the company. The company will inspect disturbed areas at such times as the owner reasonably requests in order to determine the growth of ground cover and/or noxious weeds until the areas disturbed by the company are returned to as good condition as existed prior to construction.

21. No Warranty. The land owner makes no warranty of title or otherwise in entering into this agreement.
22. Nondisturbance. The company and its employees and authorized agents will not disturb, use or travel upon any of the land of the owner not subject to this agreement.
23. Firearms and Explosives. None of the company's employees or authorized agents or any other person under the direction or control of the company will be permitted to carry firearms or any weapon while crossing the owner's property, and such persons will not hunt or fish on the owner's property and will not trespass on the owner's property for the purposes of hunting, fishing or recreational use. No dogs will be permitted on the owner's property at any time. No explosives will be used on the owner's property. The company will notify all of its contractors, agents and employees that no dogs, firearms, weapons, hunting, fishing or recreational activities will be allowed on the owner's property.
24. Surface owner's water. The company will not disturb, interfere with, fill, or block any creek, reservoir, spring, or other source of water on the owner's land or any land within 1 mile of the company's well. Before conducting any drilling operations, the company, at its sole cost and expense, will measure or cause to be measured the static water level and productive capacity of all water wells and springs located on the owner's land or any property within one mile of the company's wells, and will test the water wells for the presence of methane. The company will also provide the owner(s) of each water well a chemical analysis of all wells and springs within one mile of the company wells, which analysis will measure, at a minimum, the following:

PH	Hydroxide
Hardness (ppm and grains/gallon)	Chloride
Conductivity (mmhos/cm)	Sulfur as SO ₄
Sodium Absorption Ratio	Salt Concentration (TDS)
Adjusted Sodium Absorption Ratio	Boron
Cation/Anion Ratio	Nitrate
PPM of Calcium, Magnesium, Potassium, Sodium, Iron	Nitrite
Total Alkalinity (CaCO ₃)	Ammonia Nitrogen
Carbonate	Phosphorus
Bicarbonate	Methane

The owner of each well and spring will be notified prior to such testing and measuring and the owner or its agents or representatives will have the right to be present during such testing and measuring. The results of these tests and measurements will be immediately provided to the owners of the wells and springs. The company will establish a continuing water well monitoring program to identify changes in the capacity of any water wells located on the owner's land and within 1 mile of the company's well and in the methane content of the wells, and the company will immediately provide that monitoring data to the owners of the wells and springs.

25. Loss or Impairment of Water Wells or Springs. In the event that any water well or spring located within a mile of the company's well is lost or materially diminished in productivity, or the quality of water produced by such well or spring is reduced so that the water is unusable by livestock or humans (as the case may be), as a result of production of oil, gas, or water by the company, the company will, at its expense, immediately repair or replace any water well or spring which is lost or diminished in productivity with a new water well or spring at least equal in productivity and quality of water to the lost or diminished well or spring, using a water well drilling contractor acceptable to the owner. If successful water well replacement is unable to be obtained the company will provide for potable water to be piped in to affected households.
26. Produced Water. Surface discharge of produced water will be allowed on the owner's land only with the Owner's prior written consent, and only after the owner has approved, in writing, the company's written water management plan for each discharge point located on the owner's land. In any event, such discharge will be permitted only if it does not degrade or adversely affect the quality of water in reservoirs and water courses on the owner's land or otherwise damage the owner's land. If the owner does not consent to surface discharge of produced water, the company will be responsible for piping water off the owner's land and making appropriate arrangements for discharge with adjacent landowners. All water produced and discharged from the operator's wells will be produced and discharged in accordance with all applicable rules and regulations of any governmental authority. Whenever possible, and if owner so consents, the produced water will be discharged directly into an existing drainage system of reservoir, if allowed by applicable laws and regulations, and if the discharge will not degrade or adversely affect the quality of water in the drainage system or reservoir, so that the owner may make beneficial use of the water. Produced water will be discharged in a way so as to cause the least amount of surface disturbance and damage to the owner's land.
27. Reservoirs. If the owner consents to the discharge of produced water but does not with the company to discharge any of its produced water into the owner's existing reservoirs, the company will be solely responsible for finding a suitable water discharge location acceptable to the owner, building the necessary catchment structures (including pipelines, dikes, dams, and outlet piping) and maintaining the same at its sole cost, risk and expense. Similarly, if the company requests and is granted permission to use any of the owner's reservoirs, should any such reservoirs require modification, upgrading and/or improvement to be able to hold the company's produced water, any such modification, upgrading or improvement will be done at the company's sole cost, risk, and expense. The owner will not be responsible for payment of any cost associated with the company's development activities which will include, but not be limited to water discharge, catchment of produced water or maintenance of any related facilities.
28. Damages to inhabited dwellings and other building on the land owner's property. The company will pay any and all reasonable costs for repairs to or replacement of any dwelling, building or other structure on the owner's property damaged by any activities performed by or for the company, their agents, contract employees or other representatives.
 - a. Repairs and or replacement to be performed by the contractor of the owner's choosing using materials of equal or greater quality than the original structure.
29. Water Well Mitigation Agreement. The O&G Company is aware that its operations may impact domestic and/or agricultural water wells in the vicinity of their wells. In order that the parties hereto may avoid potential future conflicts regarding loss of use or degradation of

- existing water wells by the land owner, the land owner and O&G Company will adopt terms and conditions of a Water Well Mitigation Agreement. (terms to be negotiated)
30. Enforcement costs. If the O&G Company defaults under the agreement, the company will pay all costs and expenses, including a reasonable attorney's fee, incurred by the owner in enforcing the agreement.
 31. Indemnification. To the maximum extent permitted by law, the O&G Company will indemnify, defend and hold the land owner harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to the O&G Company's activities on the land owners property (including, without limitation, any claims that the company's operations hereunder are illegal, unauthorized, or constitute an improper interference with any parties rights, or have damaged the lands or operations of adjacent landowners, and including any claims based on the alleged concurrent negligence of the land owner).
 32. Compliance with the Law. The O&G Company will conduct operations and activities in accordance with existing local, state and federal laws, rules and regulations.
 33. Release. To the maximum extent permitted by law, the O&G Company will release and waive and discharge the land owner, and if applicable the owner's officers, directors, employees, agents, successors and assigns from any and all liabilities for personal injury, death, property damage or otherwise arising out of the company's operations under the agreement or use of the owner's property.
 34. Notice. Notice may be given to either party to the agreement by depositing the same in the US mail postage prepaid, duly addressed to the other party at the address set out below the party's signature on the agreement. Such notice will be deemed delivered when deposited in the US mail.
 35. Designated Contact Person. The O&G Company and land owner will each from time to time designate an individual, with appropriate 24 hour telephone and fax numbers, who is to be the primary contact person for discussions and decisions concerning matters related to this agreement.
 36. Recording. The agreement may not be recorded without the written consent of the land owner.
 37. Construction of Agreement. The agreement will be construed under the laws of the State of Louisiana
 38. Nonassignability. The agreement will not be assigned by the O&G Company to any other entity either in whole or in part, unless the land owner consents in writing to such assignment.
 39. Binding effect. The agreement will be binding on the successors and assigns of both parties.