

TRIPPLICATE ORIGINAL
CHAMPLIN COPY

Rev. 8-16-71

SURFACE OWNER'S AGREEMENT

THIS AGREEMENT, made and entered into this 17th
day of May, 19 77, by and between

SECURITY TITLE COMPANY, a Utah Corporation, as Trustee, with
offices at Salt Lake City, Utah (hereinafter for convenience
called the "Land Owner"); JENSEN AND COMPANY, a Utah
Corporation, with offices at Woods Cross, Utah (hereinafter
for convenience called the "Purchaser");

(~~hereinafter for convenience called the "Land Owner"~~), and CHAMPLIN
PETROLEUM COMPANY (hereinafter for convenience called "Champlin");

W I T N E S S E T H:

RECITALS:

Land Owner is the owner of the following described premises
hereinafter referred to as "described premises":

The Northwest Quarter (NW $\frac{1}{4}$) of Section Fifteen (15),
Township One (1) North, Range Four (4) East of the
Salt Lake Base and Meridian, Summit County, Utah.

INDEXED: _____
GRANTOR: _____
GRANTEE: _____
RELEASED: _____
ABSTRACTED: _____
STAMPED: _____

Entry No. 139285 Book M97
RECORDED 7-29-77 at 9:20 AM Page 616-624
REQUEST of Upland Industries
FEE \$12.00 WANDA Y. SPICER SUMMIT CO. RECORDER
INDEXED _____ By Wanda Y. Spicer
ABSTRACT _____

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SUBJECT, however, to exceptions and reservations of minerals and rights of entry and of surface use contained in a certain deed or deeds of conveyance, as follows: Warranty Deed No. 3169, dated February 1, 1910, from Union Pacific Railroad Company to Ephraim Bates, recorded October 21, 1912, in Book K at Page 63, in the office of the County Recorder of Summit County, Utah.

Champlin is successor in interest to all the right, title, and interest of Union Pacific Railroad Company in and to the oil, gas, and associated liquid hydrocarbons in said premises for a term or period equal to or exceeding the term of this Surface Owner's Agreement.

Champlin proposes for Champlin or its agents, lessees, licensees, successors, or assigns to prospect upon and explore the described premises for the development and production of oil, gas, and associated liquid hydrocarbon substances either on Champlin's behalf or under or pursuant to an oil and gas lease or license, or under or pursuant to a "unitization agreement", meaning here and wherever that term is used herein any operating agreement, or any other agreement covering the exploration or development for or the production of oil, gas, or associated liquid hydrocarbons, or any pooling, communitization, unit or other agreement whereby the described premises may be included with other lands in proximity thereto as a unit area under a plan of unit or joint exploration, development and operation.

AGREEMENT:

NOW, THEREFORE, it is agreed as follows:

Section 1. In consideration of the mutual benefits and of the sum of Ten Dollars (\$10) paid by Champlin to Land Owner, receipt whereof is hereby acknowledged, Land Owner hereby confirms, extends, and grants to Champlin, its agents, lessees, licensees, successors, and assigns, including any operator or unit operator from time to time in charge of operations under a unitization agreement, and their respective successors and assigns, the easements and rights to enter upon the described premises and to drill, construct, maintain and use upon, within, and over said premises all oil wells, gas wells, derricks, machinery, tanks, drips, boilers, engines, pipe, power and telephone lines, roadways, water wells, and, without limitation by reason of the foregoing enumeration, any and all other structures, equipment, fixtures, appurtenances, or

facilities (all the above being included under the term "facilities") necessary or convenient in prospecting and developing for, producing, storing, transporting, and marketing oil, gas, and associated liquid hydrocarbon substances under or produced from any portion of the described premises or under or produced from any portion of the unit area created under a unitization agreement, together with the right to remove said facilities and the right to use such water as may be needed from the described premises, not including water from Land Owner's wells.

Section 2. Champlin agrees, so long as it is receiving oil and/or gas production from or oil and/or gas royalties upon production from the described premises or allocated thereto under the provisions of a unitization agreement, to pay or cause to be paid to the Land Owner in cash the value on the premises of two and one-half percent (2 1/2%) of all the oil and gas and associated liquid hydrocarbons hereafter produced, saved, and marketed therefrom or allocated thereto as aforesaid, except oil and gas and associated liquid hydrocarbons used in operations on the premises or used under the unitization agreement, and except that as to casinghead gasoline and other products manufactured from gas there shall be deducted the cost of manufacture; provided, however, that during any time the described premises or any portion thereof are included within the boundaries of a participating, pooled, or communitized area, (to which inclusion Land Owner expressly consents) and there is no provision for the payment of royalties to Champlin but it participates in the production from the pooled, communitized, or unit area as a working interest owner, then the two and one-half percent (2 1/2%) above set forth shall be applied to that percentage of the total production from such area which is allocated to the described premises.

When production of oil from lands under several surface ownerships is commingled in one central tank setting for practical operating reasons, periodic individual well tests may be made to compute the quantities of commingled oil properly allocable to each well, and the two and one-half percent (2 1/2%) payment provided herein shall be payable upon the quantities apportioned to each well as reported to Champlin in full satisfaction of the obligations of Champlin under this Section 2.

Section 2½. It is understood that Security Title Company, as Trustee, is the present owner of the land included in this agreement, that Reed B. Robison and Margaret J. Robison, husband and wife, of Ely, Nevada, and L. Darrel Christsen and Barbara Christsen, husband and wife, of Delta, Utah, are purchasers under contract of the above described land, dated January 24, 1970, from Karen P. Bates and Keith H. Bates, guardian of the Estate of James K. Bates, a single man, and that Jensen and Company, a Utah Corporation, is purchaser under contract of the above described land, dated January 10, 1974, from Reed B. Robison and Margaret J. Robison, and L. Darrel Christsen and Barbara Christsen. Purchasers hereby subject and subordinate their rights under said purchase agreements to the rights granted to Champlin, its agents, lessees, licensees, successors and assigns under Section 1 of this agreement.

Land Owner hereby assigns, transfers and sets over to Jensen and Company, Purchaser, all payments and other rights and benefits which may be paid or become payable to the Land Owner under and by virtue of this agreement. Land Owner authorizes Champlin to pay any and all such payments to Jensen and Company, Purchaser, until Champlin is notified in writing by Land Owner to make all such payments directly to Land Owner in the event of default by Purchaser; and Champlin agrees to make all such payments hereunder to Land Owner when notified in writing by Land Owner to do so.

No payment made hereunder by Champlin to Land Owner shall defer the due date of any installment provided for in said purchase agreements. Upon the Purchaser, Jensen and Company furnishing Champlin with satisfactory evidence that it has paid out in full the contract of purchase referred to above and has placed of record the necessary deed conveying the above described land to it, then Champlin shall be obligated to make any money payments due Land Owner hereunder to Purchaser, Jensen and Company.

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Section 3. Should the described premises or any portion thereof at any time be committed to a unitization agreement, the operator or unit operator under such agreement may exercise the rights granted under Section 1 hereof during the period ending with the fifth calendar year following the date of this agreement without compensation to the Land Owner other than payment as above provided, but after said period if such operator shall install or maintain any facilities other than pipe or pole lines upon the described premises during any calendar year, it shall pay Land Owner One Dollar (\$1.00) per acre for the acreage used during any part of that calendar year, if such use substantially deprives the Land Owner of the use of such acreage. The above amount of One Dollar (\$1.00) per acre shall be subject to upward revision upon a showing by the Land Owner that the land involved has theretofore earned and is capable of earning a greater sum per acre.

Section 4. Nothing herein contained shall be construed as a covenant to drill by Champlin, its agents, lessees, licensees, successors, or assigns, or by any operator or unit operator, or as a grant to Land Owner of oil or gas rights or rights in other associated liquid hydrocarbons.

Section 5. Champlin, its agents, lessees, licensees, successors, and assigns, including the operator or unit operator under a unitization agreement, shall be required: (a) to pay for all damage to Land Owner's lands, buildings, and growing crops caused by the erection or construction of facilities to be used in connection with oil or gas or associated liquid hydrocarbon operations; (b) to bury all pipe lines below plow depth where such lines cross cultivated land; and (c) to construct gates or at its option install cattle guards where necessary for crossing fenced land in connection with exploration, development, or producing operations and, where an election has been made to construct gates in lieu of cattle guards, to keep such gates in repair and closed.

Section 6. Other than the payments to be made as aforesaid, the Land Owner shall not be entitled to any other or additional payments as a result of the conduct of operations upon the described premises.

Section 7. Subject to the provisions of Section 9 hereof, it is agreed that the covenants to pay the sums provided in Sections 2, 3, and 5 hereof shall be covenants running with the surface ownership of the described premises and shall not be held or transferred separately therefrom, and any sums payable under this agreement shall be paid to the person or persons owning the surface of the described premises as of the date the oil or gas

or associated liquid hydrocarbon production is marketed. Champlin shall not, however, become obligated to make such payments to any subsequent purchaser of the described premises and shall continue to make such payments to the Land Owner until the first day of the month following the receipt by Champlin of notice of change of ownership, consisting of the original or certified copies of the instrument or instruments constituting a complete chain of title from the Land Owner to the party claiming such ownership, and then only as to payments thereafter made.

Section 8. The easements, rights, and uses herein shall be binding upon the described premises and each and every part thereof, and the present and future owners thereof, and shall continue for the benefit of the present or future owners of the oil and/or gas and/or associated liquid hydrocarbon rights in the described premises and each and every part thereof and their agents, lessees, licensees, successors, and assigns, including any operator or unit operator, and for the benefit of other lands within any unit area within which the described premises, or any portion thereof may be included, and each and every part thereof.

Section 9. This agreement shall be in full force and effect from and after execution and delivery and shall continue in full force and effect for a period of one (1) year and so long thereafter as the oil and gas rights in the described premises are committed to an oil and gas lease or license or to a unitization agreement, or so long as a well capable of producing oil or gas or associated liquid hydrocarbons is located upon the described premises, or drilling or reworking operations are being conducted thereon, and, upon termination of such lease, license, or unitization agreement, or upon abandonment of such well, or upon cessation of such drilling or reworking operations, whichever last occurs, this agreement shall terminate; provided, however, that such termination shall neither affect nor terminate the rights, expressed or implied, in the deed or deeds referred to in the Recitals hereof.

Section 10. Subject to the provisions of Sections 7 and 9 hereof, this agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors, and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this

agreement as of the day and year first above written.

CHAMPLIN PETROLEUM COMPANY

By Ramon
Attorney in Fact

SECURITY TITLE COMPANY, as Trustee -
Land Owner

By Gordon H. Dick
Exec Vice President

87-0234088

Social Security or
Tax Identification Number

JENSEN AND COMPANY - Purchaser

By W. Brent Jensen
President

87-0303924

Social Security or
Tax Identification Number

~~WXXXXX~~/Attest:

J.R. Hughes
Secretary

Attest:

[Signature]
Secretary

~~Witness/Attest:~~

Social Security or
Tax Identification Number

Social Security or
Tax Identification Number

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CORPORATE ACKNOWLEDGMENT

State of UTAH)
County of Salt Lake) ss

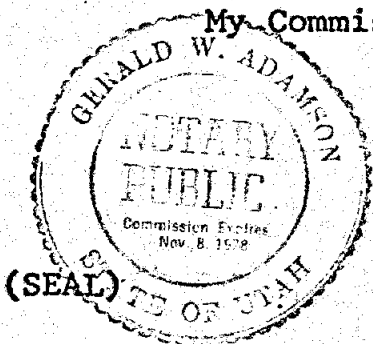
On this 16TH day of JUNE, 19 77, before me, a Notary Public in and for said County, in the State aforesaid, personally appeared GORDON H. DICK, to me personally known, and to me personally known to be the Exec Vice-President of SECURITY TITLE COMPANY, as Trustee, and to be the same person whose name is subscribed to the foregoing instrument, and who, being by me duly sworn, did say that he is the Exec Vice President of said Company; that the seal affixed to said instrument is the corporate seal of said Corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and the said GORDON H. DICK acknowledged said instrument to be his free and voluntary act and deed, and the free and voluntary act and deed of said Corporation, by it voluntarily executed, for the uses specified therein.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year above written.

My Commission Expires 11-8-78

Gerald W. Adamson
Notary Public

Residing at Salt Lake City Utah



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CORPORATE ACKNOWLEDGMENT

State of: Utah)
County of: Salt Lake)

ss

On this 17th day of May, 1977, before me, a Notary Public in and for said County, in the State aforesaid, personally appeared W Brent Jensen, to me personally known, and to me personally known to be the _____ President of JENSEN AND COMPANY and to be the same person whose name is subscribed to the foregoing instrument, and who, being by me duly sworn, did say that he is the _____ President of said Company; that the seal affixed to said instrument is the corporate seal of said Corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and the said W Brent Jensen acknowledged said instrument to be his free and voluntary act and deed, and the free and voluntary act and deed of said Corporation, by it voluntarily executed, for the uses specified therein.

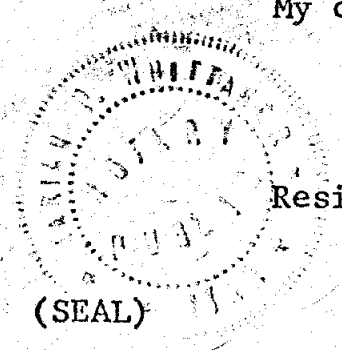
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year above written.

My commission expires _____ My Commission Expires Aug. 17, 1978

Marian P Whittaker
Notary Public

Salt Lake County, Utah

Residing at:



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