

“EXHIBIT A”
SURFACE OWNER BILL OF RIGHTS (SRA)

Applicant must supply a completed copy of “Exhibit A”, indicating that the surface owner has been made aware of his legal rights within Rio Grande County and has utilized “Exhibit A” to determine at what degree he has allowed his surface rights to be disturbed in exchange for compensation from the Oil & Gas Operator. Oil and Gas exploration and possibly production will come and go as the demand for it goes up and down. As a surface owner you have the responsibility, along with Rio Grande County, of negotiating a land use agreement with the Operator/Applicant that will reasonably allow them to exercise their property (mineral) rights. However, the Operator /Applicants, while exercising their rights have the financial responsibility of compensating the surface owner for any damage or inconvenience that they may incur during the lifespan of the exploration or production phase and to reclaim what was disturbed during the process.

Drilling and the production of oil and gas may indeed alter the attributes of a property for future generations. This negotiated agreement, hereafter referred to as SRA created during the application process and prior to any surface activity is the landowners one and only opportunity to decide what he wants his property to look like post oil and gas production.

Land owners as well as the Oil and Gas Industry have additional responsibilities to the neighbors of affected properties as well as Rio Grande County to make sure that the final surface agreement will not unduly harm the greater community.

Facts regarding negotiation of a Surface Owner/Oil and Gas Industry document, “Exhibit A”.

- 1.) As a surface owner the very first thing that should be done is retain legal counsel. You are giving up a portion of your surface rights in exchange for money. This may well be the only opportunity you ever have to negotiate what transpires on your property during exploration and or production.
- 2.) It is the Landowners responsibility to familiarize oneself with “Exhibit A” and utilize its contents to negotiate with the representative of the industry.
- 3.) Landowner needs to be conscious of the fact that an Oil/Gas company who negotiates an agreement with a landowner may eventually sell his rights to another O/G company and the agreement will not necessarily be renegotiated. This will be up to the new company unless otherwise stipulated in the original agreement between the company and the landowner.
- 4.) Landowner, if he takes the responsibility of exercising the rights in “Exhibit A”, can and should ask for negotiations in many different areas to protect his property as he sees fit. The industry will have the final say as to what they are willing to oblige the landowner in return for some level of compensation they are providing.
- 5.) There may be new issues that are not realized during the SRA phase of negotiation the may come about at a later time. These issues may always be addressed and settled, as long as all parties agree to the level of disturbance at what level landowner will compensated.

- 6.) In the event that there is a disagreement on the interpretation of an agreement at some future time a provision for arbitration should be made.
- 7.) Speed limits and road construction issues should be addressed during SRA negotiations.

The following sections are taken from the Rio Grande County Oil and Gas Regulations

8.5 – All facilities shall be sited to minimize the impact to current or future agricultural operations.

8.6.1 – Facilities shall be planned so that well pad occupies and disturbs the least surface area feasible to insure safe and effective operations.

8.6.2 – Well pads generally shall not occur at a density of greater than 1 per forty (40) acres. The county may grant special exceptions to this standard under Sections 14.5.1 or 14.5.3., of this Article when the county finds that one or more of the following factors apply in a manner that renders use of an existing well pad impractical.

8.7.2 – Setback of all oil and gas operations from occupied buildings; surface property lines; water bodies and areas of agricultural, cultural, scenic, recreational, environmental, or economic significance shall be adequate to assure no significant degradation to the quality or value of any natural, cultural, recreational or economic resource or affected property or activity. Setback requirements will be according to the characteristics of the proposed site of the Facility, and the existing or planned land uses and other resources proximal thereto and/or COGCC Regulations 9603) a. (1) (2) b.,c.,d.,e., (1)(2)(3)

60% of the land in Rio Grande County is publicly –owned: national forest, national park, BLM-managed lands, wildlife refuge, wilderness areas, etc. Ambient sound levels in most locations are (20-35dBA daytime) than the standard for rural residential areas (45dBA). Please refer to 8.7.4 of the Oil and Gas Regulations.

In some areas of the county, the viability of the facilities and activities that form the economic base for the community is dependent on quietude.

Sound levels are measured in decibels, and increase logarithmically. The acoustic energy between 25dBA and 45dBA is an increase in sound pressure energy of 100 times and represents a six fold increase in subjective sound perception. The increase of sound energy from 15dBA to 45dBA is 1000 times, and an increase in sound energy level from 15dBA to 55dBA is 10,000. Therefore, any determination of “acceptable” sound levels cannot be arbitrary or absolute, but must take into account the ambient sound levels on the parcel prior to the commencement of operations.

All facilities that have compressors, engines, or motors which generates sound and are located within 400 feet of an existing residence, office, institutional, commercial or industrial structure; or within 400 feet of known wildlife habitat and/or migration routes; or within 400 feet of

recreational areas, must be placed behind a maintained, acoustically insulated housing or a cover enclosing the motor or engine to further reduce sound and lessen visual impact.

Based upon the specific site characteristics set forth in the Section the nature of the proposed activity, its proximity to surrounding development, and type and intensity of the noise emitted, one or more of the noise abatement measures listed below may be additionally required:

- a. Acoustically insulated enclosures for motors/engines.
- b. Vegetative screen of trees and shrubs that may be place within a fenced enclosure.
- c. Solid wall, fence or berm of acoustically insulating material surrounding all or part of the facility.
- d. Acoustically insulated building enclosing the installation.
- e. Restriction on hours of operation of certain activities.

All stationary equipment associated with minor and major facilities shall be anchored on isolation pads so as to minimize transmission of vibration through the ground.

To the maximum extent possible, the applicant shall use structures and equipment of the minimum size necessary to satisfy functional requirements. The Operator is encouraged to use low profile pumps and equipment to mitigate visual impacts.

8.7.5.2 – When clearing trees and vegetation for construction of minor and major facilities, the applicant shall feather and thin edges of vegetation.

8.7.5.3 – The applicant shall replace earth adjacent to water crossings at slopes less than the natural angle of the repose for the soil type of the site.

8.7.5.4 – To the maximum extent possible, the applicant shall align access roads to follow existing grades and minimize cuts and fills.

8.7.5.5 Minor and major facilities shall be painted as follows:

- a. Uniform, non-contrasting, non-reflective color tones, similar to Munsell Soil Color coding system.
- b. Color matched to land, not sky, slightly darker than adjacent landscape.

8.7.5.6 – The applicant shall minimize damage to existing trees and vegetation.

8.7.5.7. – Pad dimensions for an oil and gas facility shall be the minimum size necessary to provide a safe work area and minimize surface disturbance. The pad shall be oriented in a manner to reduce visual impact of view corridor or road; ideally the pad shall be sited perpendicular to any roads or highways, not parallel.

8.7.5.8 – Upon completion of the well or other work associated with drilling, the operator shall reseed the disturbed area with native grasses or other vegetation similar in kind to surrounding vegetation. Re-vegetation on cropland shall be accomplished within three months after

completion and within twelve months for non-crop land. The surface owner may agree, in writing, to other suitable deadlines or type of re-vegetation, in consultation with the NRCS. The Operator shall ensure that any weeds in the re-vegetation area shall be mitigated prior to the re-seeding. The requirements for re-vegetation shall not apply to main access roads and the immediate areas surrounding the above-ground facilities, which are necessary for safe operations, and which are to be graveled.

During operations, one or more of the following landscape practices shall be applied, on a site specific basis as described in Section 8.11

- a. Establishment of ground cover, shrubs and trees. Landscaping shall be appropriate to the surrounding territory and vegetation. Vegetation clusters shall be placed ten (10) to fifteen (15) feet apart along the edge of the permanent pad site or as otherwise agreed to by the surface owner.
- b. Shaping cuts and fills to appear as natural forms.
- c. Cutting rock areas to create irregular forms.
- d. Designing the facility to utilize natural screens.

8.3.5.9 – Exterior lighting, when required, shall meet the standards set forth under the Land Development Code. All lighting associated with oil and gas development will be shielded to prevent direct visibility of the source of light from off-site, directing all exterior lighting either toward the ground or the surface of the building. The minimum lighting necessary to effectively carry out operations safely shall be used.

8.3.5.10 – All facilities shall be sited in areas that maximize the amount of natural screening available for the facility. Natural screening includes, but is not limited to, the use of existing vegetation as a background, the construction of the facility near mature stands of vegetation or behind ridges and natural rock formations. Minor and major facilities shall be sited away from prominent natural features such as distinctive rock and land forms, vegetative patterns, river crossings and other landmarks.

- a. All facilities shall be sited at the base of slopes, if possible, to provide a background of topography and/or natural cover.
- b. All facilities shall be sited to avoid crossing hills and ridges or silhouetting.
- c. All facilities shall be sited in order to minimize the amount of cut and fill needed to construct the facility.

8.3.5.12 – All equipment used for construction, drilling, re-drilling, well completion and re-completion and maintenance of the facility shall be removed from the site within thirty (30) days of completion of the work for which the equipment is used, unless otherwise agreed to by the surface owner. Permanent storage of equipment on well pad sites shall not be allowed, unless otherwise agreed to by the surface owner and determined by Rio Grande County to be on conformance with the applicable Land Development Code Standards.

8.7.5.13 – To the maximum extent possible, all utilities must be underground, unless site specific factors make underground location of any utility inadvisable.

8.3.5.14 – Colors of surface equipment used and rigs/wells must be approved by Rio Grande County.

Natural rock formations might be required. Suggested mitigations might include: 1.) Facilities sited at base of slopes. 2) Facilities sited such that crossing hills and ridges are avoided to prevent silhouetting.

8.7.6 – Safety and Security

8.7.6.1 - Security fencing and a locked gate for minor and major facilities shall be required in the following locations:

- a. Where there are four (4) or more existing residences within six hundred (600) feet of the facility perimeter.
- b. Where there is a public or private school within six hundred (600) feet of the facility site perimeter.
- c. Where there is any other existing structure with commercial occupancy as defined by the adopted building code within six hundred (600) feet of the facility site perimeter.
- d. Where there is an existing recreational facility designated by an appropriate federal, state or local authority within six hundred (600) feet of the facility site perimeter.

8.7.6.2 – Safety practices generally accepted by the oil and gas industry shall be used at all times during drilling and production to minimize the danger to the general public.

8.7.6.3 – Open-ended discharge valves on all storage tanks, pipelines and other containers shall be secured where the facility site is unattended and/or accessible to the general public.

8.7.6.4 – All land within twenty-five (25) feet of any tank or other structure containing flammable or combustible materials shall be kept free of dry weeds, grass or rubbish.

8.7.6.5 – Where the applicant’s visual mitigation plan specifies alternative security fencing, the alternative fencing shall apply.

8.8.2.3 – Odors and Dust. Oil and gas facilities and equipment shall be operated in such a manner that odors and dust do not constitute a nuisance or hazard to public health, safety, welfare, and the environment. Odors. At a minimum, compliance COGCC Rules Section 805.b.(1) shall be met.

8.8.2.4 - Fugitive dust. Operators shall employ practices for control of fugitive dust. Such practices shall include but are not limited to the use of speed restrictions, regular road maintenance, and restriction of construction activity during high-wind days. Additional management practices such as road surfacing, wind breaks and barriers, or automation of wells to reduce truck traffic may also be implemented.

Any oil and gas operator engaged in clearing or leveling of land or owner or operator of land that has been cleared that is greater than five (5) acres in attainment areas or one (1) acre in non-attainment areas from which fugitive dust will be emitted shall be required to use available and practical methods which are technologically feasible and economically reasonable to minimize such fugitive dust emissions.

8.8.2.5 – Greenhouse Gas Reduction: The operator shall make every reasonable effort to minimize methane emissions by using all feasible “green completion” techniques, pursuant to COGCC Rules Section 805(3) and the installation of “low bleed” pneumatic instrumentation.

8.8.5 – Waste Management and Disposal: Landowner might request that 8.8.5.1 through 8.8.5.6 Livestock: Landowner may request or negotiate for

- 1) Any pits used which contain contaminated water will be fenced such that wildlife and domestic livestock cannot reach
- 2) Timing limitations, based on location there may be a specific time of year that drilling may interfere with the livestock operation.
- 3) Cattle guard may be required to prevent burdensome opening and shutting of gates.
- 4) Speed limits might apply due to livestock on open range.
- 5) Any livestock lost due to operation of O&G facility will be compensated for by operator.

Nothing in this agreement may waive any Federal, State or local requirements or regulations.

Surface Owner Bill of Rights (SRA) (Exhibit A: as referred to in the Rio Grande County Oil and Gas Regulations, a separate document to be executed by the surface owner acknowledging/understanding of areas which can be negotiable with the operator as they work to relate to impacts on the surface rights.

Surface owner acknowledgement

Signed this _____ day of _____, _____.
Surface Owner

Witnessed by _____

Received by _____ Date _____
Land Use Representative