

**PLANNING AND DEVELOPMENT DEPARTMENT  
MEMORANDUM 12-12**

**DATE:** May 14<sup>th</sup>, 2012  
**TO:** Honorable Mayor Joyce Downing and City Council Members  
**FROM:** William A. Simmons, City Manager *WAS*  
Brook Svoboda, Director of Planning and Development *BS*  
**SUBJECT:** CR-59 - Repeal and Reenact Resolution, Exhibit A – Kerr McGee Right-of-Way Agreement

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**BACKGROUND**

In October of 2011, the City Council adopted a Surface Use Agreement and Right-of-Way easement to accommodate Oil and Gas extraction activities by Kerr-McGee. Subsequent to that agreement Kerr-McGee requested the exchange of an Exhibit A of the Right-Of-Way agreement to better delineate the easement and tie the description to Section corners. This document would lead to greater accuracy in location of the underground pipeline utility if there were ever the need to locate, expose, repair, or remove it.

**PROCEDURE**

Staff has reviewed the amended Right-of Way agreement and has no objections to the changes. The City Attorney has reviewed the amended document and approves it as to form.

**POTENTIAL OBJECTIONS:**

No objections are perceived from the public or other entities.

**BUDGET/TIME IMPLICATIONS:**

This resolution request has no budgetary impacts.

**RECOMMENDATION**

Staff recommends Council approve CR-59 as presented

**STAFF REFERENCE**

Brook Svoboda, Director of Planning and Development [bsvoboda@northglenn.org](mailto:bsvoboda@northglenn.org) or 303.450.8937

**ATTACHMENTS**

- #1 Council Resolution  
Exhibit A – Right-Of-Way Lands
- #2 Original Resolution CR 11-100

**ATTACHMENT 1**

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-59  
Series of 2012

\_\_\_\_\_  
Series of 2012

A RESOLUTION APPROVING A REVISED RIGHT-OF-WAY EASEMENT AGREEMENT BETWEEN THE CITY OF NORTHGLENN AND KERR-MCGEE GATHERING LLC, AND REPEALING THE RIGHT-OF-WAY EASEMENT GRANTED BY RESOLUTION NO. 11-100, SERIES OF 2011

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The City Council hereby approves the Right-of-Way Easement Agreement (the "New Agreement") between the City of Northglenn and Kerr-McGee Gathering LLC, attached hereto as **Exhibit A**, and authorizes the Mayor to execute the same on behalf of the City.

Section 2. The approval of the Right-of-Way Easement Agreement between the City of Northglenn and Kerr-McGee Gathering LLC, as set forth in Section 2 of Resolution No. 11-100, Series of 2011, is hereby rescinded, and the New Agreement attached hereto as **Exhibit A** replaces and supersedes the agreement originally approved by adoption of Resolution No. 11-100, Series of 2011.

DATED at Northglenn, Colorado, this \_\_\_\_ day of \_\_\_\_\_, 2012.

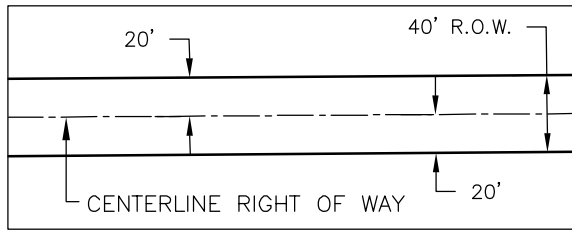
\_\_\_\_\_  
JOYCE DOWNING  
Mayor

ATTEST:

\_\_\_\_\_  
JOHANNA SMALL, CMC  
City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
COREY Y. HOFFMANN  
City Attorney



TYPICAL R.O.W. DETAIL  
1"=100'

1/4 CORNER  
SEC 36/SEC 31  
2.5" ALUM. CAP  
PLS 12374  
(SURVEY TIE TO P.O.B.)  
S 68°22'42" W 217.67'

C1/4 CORNER  
SECTION 36  
3.25" ALUM. CAP  
PLS 6973

N 89°40'25" E 2638.49'

**CENTERLINE RIGHT OF WAY LINE TABLE**

L1=S 77°46'11" W	20.28'
L2=S 14°23'16" E	117.99'
L3=S 11°46'00" E	204.12'
L4=S 08°34'35" E	204.17'
L5=S 06°11'21" E	202.91'
L6=S 05°57'22" E	374.11'
L7=S 03°21'35" E	393.67'
L8=S 00°28'29" E	530.11'
L9=S 88°48'18" W	44.35'
L10=S 00°24'09" E	158.50'
L11=S 89°35'51" W	882.19'
L12=S 00°28'30" E	306.18'
L13=S 89°35'51" W	712.00'
L14=N 65°31'22" W	58.45'
L15=N 74°47'03" W	457.27'
L16=N 17°18'02" W	318.94'
L17=N 30°50'29" W	205.14'
L18=S 59°09'31" W	43.11'

TOTAL CENTERLINE LENGTH: 5233.49 FT

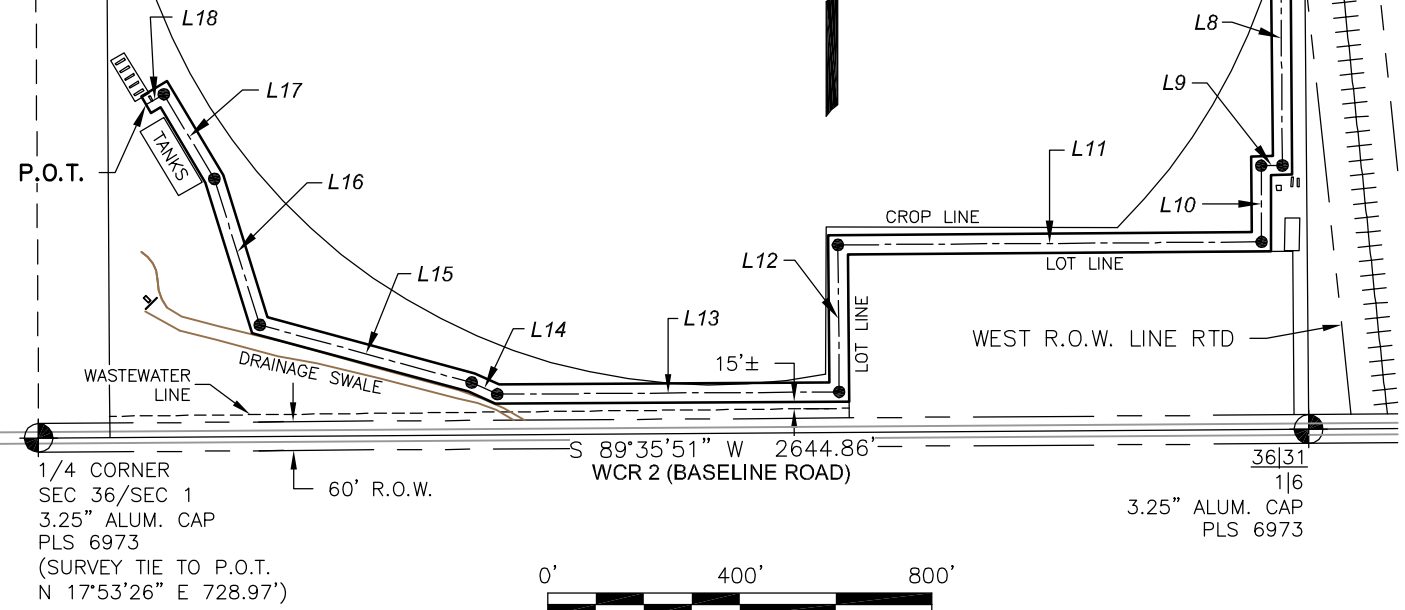
THE CITY OF NORTHGLENN

SE1/4 SECTION 36  
T1N R68W 6TH PM

N 00°20'13" W 2650.15'

WCR 13 (COLORADO BLVD.)

S 00°28'29" E 2646.65'



1/4 CORNER  
SEC 36/SEC 1  
3.25" ALUM. CAP  
PLS 6973  
(SURVEY TIE TO P.O.T.)  
N 17°53'26" E 728.97'

36/31  
1/6  
3.25" ALUM. CAP  
PLS 6973

**NOTES**

- 1.) Locations of utilities and foreign pipelines were determined from visible surface evidence. These locations if shown may not be accurate or complete. Other utilities may exist and are to be field located by others prior to excavation.
- 2.) This document is not a land survey plat or improvement survey plat. It is not to be relied upon for the establishment of any land boundary, easement, fence, building, or other future improvement lines.
- 3.) All directions, distances and dimensions shown hereon are based on coordinates from the "Colorado coordinate system of 1983 north zone" (Article 52 of Title 38 C.R.S.) established using R.T.K. G.P.S. techniques and/or the Online Positioning User Service offered by the N.G.S. Combined Factor (CF)=0.999725388; 1/CF=1.000274687
- 4.) NOTICE: According to Colorado law you must commence any legal action based upon any defect in this survey within three years after you first discover 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 the certification shown hereon.
- 5.) This Exhibit was prepared by Paul A Valdez, PLS 37068, for and on behalf of Acklam, Inc. 21 South 10th Avenue, Brighton, CO 80601.



**Acklam, Inc.**  
21 South 10th Avenue  
Brighton CO, 80601

**KERR-McGEE GATHERING, LLC**  
EXHIBIT "A" RIGHT OF WAY LANDS  
SE1/4 SECTION 36 T1N R68W 6TH PM  
WELD COUNTY, COLORADO

SCALE:	1" = 400'
DATE:	02/29/2012
FILE:	12801
REVISION:	
	AFE 8060145

## ATTACHMENT 2

### PLANNING AND DEVELOPMENT MEMORANDUM #11-21

October 27, 2011

**TO:** Honorable Joyce Downing and City Council Members

**FROM:** William Simmons, City Manager *WAS*  
Corey Hoffmann, City Attorney  
David Willett, Public Works Director  
Travis Reynolds, Senior Planner *TR*

**SUBJECT:** CR-104 Surface Use Agreement, Kerr-McGee Oil and Gas Operations, Section 36

#### BACKGROUND INFORMATION

Attached to this memorandum is a proposed resolution, which, if approved, would allow for the use of the Surface and City rights-of-way by Kerr McGee of City-owned property for the natural gas drilling that is the subject of the Permitted Use Permit public hearing and application under Article 56 of Chapter 11 of the City of Northglenn Municipal Code.

#### ANALYSIS

The City through both the Public Works Director and the Community Planning and Development department has been working with Kerr-McGee regarding the location of the well facilities and associated infrastructure on City-owned property in Section 36. Kerr-McGee has an existing right to use the property based on an Agreement with the State of Colorado from several decades ago. Nonetheless, the City has negotiated compensation for the Surface Use Agreement that will be provided to the City Council via separate confidential communication.

For purposes of this analysis, staff recommends approval of the attached Resolution based on the following:

1. The negotiated location of the well sites and associated facilities and infrastructure are advantageous to the City to allow for future development;
2. The negotiated location of the well sites and associated facilities and infrastructure provide for the clustering of the well heads;
3. The negotiated location of the well sites and associated facilities and infrastructure provide for the dual use of the access road (to be constructed by the applicant) for both Kerr-McGee and the City;
4. The negotiated location of the well sites and associated facilities and infrastructure minimize the impact on the City's application of biosolids on Section 36;

5. The negotiated location of the well sites and associated facilities and infrastructure minimize crop loss within Section 36; and

6. The negotiated location of the well sites and associated facilities and infrastructure do not have any potential conflicts with the future expansion of the City's wastewater treatment plant.

**STAFF REFERENCE:**

If Council members have any comments or questions they may contact David Willett, [dwillett@cityofnorthglenn.org](mailto:dwillett@cityofnorthglenn.org); Travis Reynolds, [treynolds@cityofnorthglenn.org](mailto:treynolds@cityofnorthglenn.org), or Corey Hoffmann at [cyhoffmann@hphclaw.com](mailto:cyhoffmann@hphclaw.com).

**ATTACHMENTS**

Exhibit A – Surface Use Agreement

Exhibit B – Right of Way Agreement

**ATTACHMENT 3**

SPONSORED BY: MAYOR DOWNING

COUNCILMAN'S RESOLUTION

RESOLUTION NO.

No. CR-104  
Series of 2011

11-100  
Series of 2011

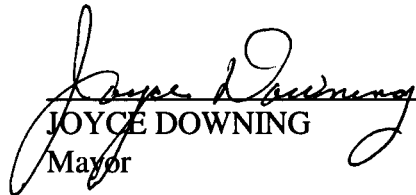
A RESOLUTION APPROVING A SURFACE USE AGREEMENT BETWEEN THE CITY OF NORTHGLENN AND KERR-MCGEE OIL & GAS ONSHORE LP, AND APPROVING A RIGHT-OF-WAY EASEMENT AGREEMENT BETWEEN THE CITY OF NORTHGLENN AND KERR-MCGEE GATHERING LLC

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:

Section 1. The City Council hereby approves the Surface Use Agreement between the City of Northglenn and Kerr-McGee Oil & Gas Onshore LP, attached hereto as **Exhibit A**, and authorizes the Mayor to execute the same on behalf of the City.

Section 2. The City Council hereby approves the Right-of-Way Easement Agreement between the City of Northglenn and Kerr-McGee Gathering LLC, attached hereto as **Exhibit B**, and authorizes the Mayor to execute the same on behalf of the City.

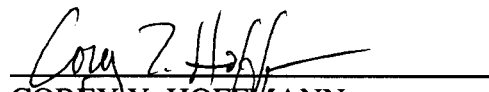
DATED, at Northglenn, Colorado, this 27<sup>th</sup> day of October, 2011.

  
JOYCE DOWNING  
Mayor

ATTEST:

  
JOHANNA SMALL, CMC  
City Clerk

APPROVED AS TO FORM:

  
COREY Y. HOFFMANN  
City Attorney

## SURFACE USE AGREEMENT

This Surface Use Agreement (“**Agreement**”) is dated and made effective this 27<sup>th</sup> day of October, 2011, and is between Kerr-McGee Oil & Gas Onshore LP (“**KMG**”) with an address of 1099 18th Street, Suite 1800, Denver, CO 80202, and The City of Northglenn (collectively hereinafter referred to as “**Surface Owner**” or “**City**”) all with an address of 11701 Community Center Drive, Northglenn, Colorado 80233.

A. Surface Owner owns the surface estate of that certain tract of land more particularly described on Exhibit “A” attached hereto, being part of the S/2 of Section 36, Township 1 North, Range 68 West, Weld County, Colorado (hereinafter referred to as the “**Property**”);

B. Surface ownership of the Property is subject to the rights of the oil and gas mineral leasehold estate, a portion of which is owned by KMG;

C. KMG currently operates two (2) well(s) on the Property, known as the HSR-Northglenn State 13-36 and the Hog Unit #1 (the “**Existing Well(s)**”) generally located in the Center of the SE/4 and in the Center of the SW/4 of Section 36, described above, and has the right to develop its oil and gas leasehold estate by drilling additional wells (the “**Future Well(s)**”) on the Property; and

D. This Agreement sets forth the parties’ rights and obligations regarding the relationship between the development of the Property by Surface Owner and KMG concerning KMG’s operation and development of its oil and gas leasehold estate underlying the Property, such rights and obligations to be binding upon the parties’ successors and assigns.

In consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

### 1. OIL AND GAS OPERATIONS.

Surface Owner shall set aside and provide to KMG that portion of the Property hereinafter referred to as the “**Oil and Gas Operations Area(s)**” (“**OGOA(s)**”), such area(s) being depicted on **Exhibit “B2”** attached hereto. The OGOA(s) are to be made available to KMG for its exclusive use in their present condition for any operations conducted by KMG in connection with the Existing Well or any Future Well, including, but not limited to, the wells set forth on Exhibit B2, and for the drilling and production activities, workovers, well deepenings, recompletions, fracturing, re-fracturing and replacement wells. Except for the OGOA(s), and the access roads and easements associated with flowlines, gathering lines and pipelines as provided in this Agreement or associated Right-of-Way Easement Grant, neither KMG or Kerr-McGee Gathering LLC (“**KMGG**”) shall occupy the surface of the Property except in the event of an emergency or for reasonable incidental, temporary and non-damaging activities, for which KMG shall be strictly and solely responsible for any damages that may occur.

a. ***Well Locations.***

KMG shall have the right to drill Future Wells within the OGOA(s), including vertical wells, horizontal and/or directional wells that produce and drain the Property and lands other than the Property, so long as such locations are permitted locations under the then applicable well spacing and location regulations of the Colorado Oil and Gas Conservation Commission (“COGCC”) or exceptions granted thereto by the Director of the COGCC. As part of the consideration for this Agreement, and so long as not inconsistent with this Agreement, Surface Owner hereby waives its right to, and covenants that it shall not protest or object to any such exception location or application for same by KMG. KMG shall not otherwise have the right to drill wells on the Property outside the OGOA(s) unless the Surface Owner agrees otherwise.

b. ***Production Facilities.***

KMG shall have the right to locate, build, repair and maintain tanks, separators, dehydrators, compressors and other equipment reasonably appropriate for the operation and production of the Existing Well(s) or any Future Wells only within the OGOA(s), unless agreed otherwise by the Surface Owner.

With respect to KMG’s equipment and facilities other than flowlines or pipelines:

- (i) KMG shall install and maintain, at its sole cost and expense, all fences around the Existing Well(s) and any Future Wells in compliance with the Rules and Regulations of the COGCC and local rules and regulations in effect at the time KMG files an application for a permit to drill with the COGCC. The fence material may be upgraded at Surface Owner’s option and expense, so long as the upgrade complies with COGCC and local rules and regulations and KMG consents to such upgraded fence. KMG shall not unreasonably refuse Surface Owner’s request to upgrade the fence material, which consent shall not be unreasonably withheld. If the Surface Owner has development plans not inconsistent with the terms of this Agreement and requires a zoning change(s) or annexation, Surface Owner shall pay the cost and expense for the upgraded fence material required by the zoning change or annexation;
- (ii) KMG shall install and maintain, at its sole cost and expense, all gates and locks reasonably necessary for the security of any wells or facilities in the OGOA(s). Such gates and locks shall be the standard gates and locks used by KMG;
- (iii) KMG shall paint any production facilities for any wells, including wellhead guards, with paint that is approved by the COGCC; and
- (iv) Surface Owner shall not inhibit KMG’s access to the OGOA(s) or inhibit KMG’s operations within the OGOA(s) by landscaping



development, or other use or improvements, unless otherwise agreed upon between Surface Owner and KMG.

c. ***Setback Requirements.***

Surface Owner will not locate or plat any lot line, building, or structure within 150' of the boundary of any OGOA or within any OGOA. Surface Owner understands and acknowledges that the COGCC has rules and regulations that apply to the distance between a wellhead and public roads, production facilities, building units and surface property lines, among other things.

**2. Gathering Lines, Flowlines, and Easements.**

a. ***Existing and Future Pipelines.***

Subject to the limitations hereinafter described, KMG, its affiliate KMGG or other designated gas gatherer has a continuing right and entitlement to own, operate, maintain, repair and replace all flowlines, gathering lines and other pipelines that may be necessary or convenient to its operations on the Property. Although this Agreement and the associated Right-of-Way Easement Grant, is intended to confine the placement of those pipelines to certain specified locations within the Property, nothing herein shall be construed as a limitation on KMG's, KMGG's or other designated gas gatherer ultimate right to make all necessary well connections to any Existing or Future Well. The future development plans for Northglenn may necessitate the lowering of certain existing gathering lines or flowlines ("**Existing Pipelines**") that are currently in a designated easement corridor shown on Exhibit "B2" as the "**Petroleum Pipeline Easement.**" It is further anticipated that any additional pipelines, flowlines and gathering lines that may be required in the future ("**Future Pipelines**") may also need to be placed within the Petroleum Pipeline Easement. If a certified survey has not been completed for the Existing Pipelines or the Future Pipelines, then the location of such pipelines on Exhibit "B2" are only approximate locations.

If it has not already done so, Surface Owner shall also deliver to KMG or KMGG an executed and acknowledged Pipeline Right-of-Way Easement Grant on the form that is attached hereto as Exhibit "C" in order to convey the Petroleum Pipeline Easement lands as shown on Exhibit "B2". Prior to execution and acknowledgement of the Right-of-Way Easement Grant by Surface Owner, KMG or KMGG will complete a certified survey and submit a plat of the certified survey to the Surface Owner if the pipelines have been constructed. If any pipelines are anticipated for further construction, Surface Owner will execute and deliver a Right of Way Grant and KMG or KMGG will complete an "as-built" survey when construction is completed and submit the same to the Surface Owner. The "as-built" survey will be attached to the Right of Way Grant and the Grantee may record the same.

b. ***Petroleum Pipeline Easement.***

The Petroleum Pipeline Easement shall be fifty feet (50') in width during construction, installation or relocation operations and otherwise reduced to forty feet (40') in width for post-construction usage. All relocated and Future Pipelines owned by KMG or KMGG shall be located within the Petroleum Pipeline Easement unless otherwise agreed upon between Surface Owner and KMG or KMGG. KMG acknowledges that the Petroleum Pipeline Easement will be

non-exclusive and agrees that it will not object to its concurrent use by other oil and gas operators or utilities, as Surface Owner may grant from time to time, so long as such other parties comply with KMG's pipeline guidelines, attached hereto as Exhibit "D". Notwithstanding the foregoing, Surface Owner shall not permit, nor shall it place any other utility or structure within ten feet horizontally or two feet vertically of any KMG pipeline. The Petroleum Pipeline Easement and OGOA(s) shall be depicted and labeled on all subdivision plats submitted to Weld County.

KMG shall not, without the prior written consent of Surface Owner, have the right to lay additional flowlines or pipelines on the Property, outside the Petroleum Pipeline Easement. All flowlines and pipelines to be constructed shall be buried to a depth of not less than approximately 48 inches from the surface. Surface Owner shall maintain a minimum of 48 inches and not more than 72 inches of cover over all pipelines and flowlines during any of Surface Owner's operations on the Property. The construction and burying of additional flowlines, gathering lines and pipelines shall be at the sole cost and expense of KMG or its gas purchaser.

c. ***Pipeline Crossings.***

If Surface Owner's development plans anticipate that roadways will or may in the future cross over existing Pipelines, Surface Owner will pothole or request that KMG pothole the Existing Pipelines or Future Pipelines to check the depth of such Pipelines. Prior to Surface Owner's installation of a new roadway, KMG or KMGG at its own cost and expense, will lower, as required and if technologically and operationally feasible, the affected Existing or Future Pipelines to sufficient depth for the road elevations.

**3. SUBJECT TO EXERCISE OF THE CITY'S POLICE POWER**

Except as specifically provided in this Agreement, nothing herein shall be construed to be a waiver by the City of its police power or its legislative authority to make decisions regarding the exercise of its generally applicable land use authority. In addition, nothing herein shall be deemed a waiver of KMG's obligation to obtain applicable City of Northglenn approvals including any land use approvals under Chapter 11 of the Northglenn Municipal Code, and any other approvals required by Chapter 16 of the Northglenn Municipal Code based on the fact that Property that is the subject of this Agreement is public property.

Furthermore, by execution of this Agreement, KMG does not waive its position that it is not required to have a surface use agreement in order to apply for, or be granted, State or local permits, or otherwise commence drilling operations within COGCC legal drilling windows or the OGOA(s).

**4. ACCESS.**

Surface Owner shall provide KMG with continuous access to all of the OGOA(s) and the Petroleum Pipeline Easement. The access roads to be used by KMG will either be those roads that currently are in place and identified on the exhibits to this Agreement or those that are anticipated to be constructed by Surface Owner at its sole cost and expense as part of Surface Owner's development of the Property. All access roads, whether existing or newly constructed,

shall be of sufficient scope to allow KMG to conduct its oil and gas operations and shall be at least 40 feet in width and built to withstand a minimum of 104,000 pounds and 26,000 pounds per axle. KMG agrees to access the Property according to the routes depicted and described on the attached Exhibit "B2". If and when new access routes are constructed by Surface Owner, Surface Owner agrees to provide KMG notice of such but KMG may continue to use its present access routes until that time and until receipt of such notice from Surface Owner.

#### **5. NOTICE OF FUTURE OPERATIONS.**

KMG shall provide at least seven (7) days written notice to Surface Owner prior to commencing actual operations in connection with the reworking, fracturing, deepening or recompletion operation on the Existing Well(s) or any Future Wells; provided, however, that KMG shall provide at least thirty (30) days written notice to Surface Owner and/or any homeowner's association formed by Surface Owner that is associated with the Property prior to commencing the drilling of any Future Wells. Regardless of the foregoing notice requirements, KMG shall have immediate access to any of its facilities in the event of an emergency.

After receipt of the above notice, but not less than five (5) working days prior to KMG's mobilization on the applicable OGOA(s), either KMG or Surface Owner may request an on-site meeting. The purpose of the meeting shall be to inform Surface Owner of the expected activity and to coordinate site access, hazards, barricades, restoration or any other issues that affect the use and safety of Surface Owner's development.

#### **6. NOTICE TO HOMEOWNERS, BUILDERS, TENANT FARMERS AND OTHER SURFACE LESSEES.**

To the extent required by law, Surface Owner shall furnish all buyers of the Property from Surface Owner, current and future tenant farmers and other surface lessees with a plat or map showing the OGOA(s) and the Petroleum Pipeline Easement. In addition, Surface Owner shall provide notice to all builders, homeowners, homeowner associations, other buyers of the Property from Surface Owner, current and future tenant farmers and other lessees that:

- a. There may be ongoing oil and gas operations and production in the OGOA(s) on the surface of the Property;
- b. There are likely to be additional Future Wells drilled and oil and gas operations and production from the OGOA(s) that affect the surface of the Property;
- c. Heavy equipment may be used by KMG from time to time for oil and gas production operations and that such operations may be conducted on a 24 hour basis;
- d. Future purchasers of all or a portion of the Property, as successors in interest to Surface Owner, will be acquiring a proportionate interest in Surface Owner's rights under this Agreement and assuming those obligations undertaken by Surface Owner pursuant to this Agreement; and

- e. Homeowner associations and buyers of individual lots or homes, as successors in interest to Surface Owner, will be acquiring a proportionate interest in Surface Owner's rights under this Agreement, and will be subject to the waivers contained herein, including but not limited to, in Sections 1, 7, 9, and 21, and the covenants contained in Section 1 prohibiting the location of any building or structure within the OGOA(s) or the Petroleum Pipeline Easement and waiving objection to any setback rules of the COGCC or any local jurisdiction.

## **7. DRILLING AND COMPLETION OPERATIONS.**

KMG shall endeavor to diligently pursue any drilling operations to minimize the total time period and to avoid rig relocations or startup during the course of drilling. Surface Owner waives any objections to continuous (i.e., 24-hour) drilling operations.

## **8. LIMITATION OF LIABILITY, RELEASE AND INDEMNITY.**

- a. No party shall be liable for, or be required to pay for, special, punitive, exemplary, incidental, consequential or indirect damages to any other party for activities undertaken within the scope of this agreement;
- b. Except as to claims arising out of pollution or environmental damage (which claims are governed by Section 9 below) or out of other provisions of this Agreement (which claims shall be governed by the terms of this Agreement), each party shall be and remain responsible for its own liability for all losses, claims, damages, demands, suits, causes of action, fines, penalties, expenses and liabilities, including without limitation attorneys' fees and other costs associated therewith (all of the aforesaid herein referred to collectively as "Claims"), arising out of or connected with each such party's ownership or operations on the Property, no matter when asserted, subject to applicable statutes of limitations.

## **9. ENVIRONMENTAL INDEMNITY.**

The provisions of Section 8 above, except for Section 8.a., shall not apply to any environmental matters, which shall be governed exclusively by the following, subject to the limitations of Section 8.a. above:

- a. "Environmental Claims" shall mean all Claims asserted by governmental bodies or other third parties for pollution or environmental damage of any kind, arising from operations on or ownership of the Property or ownership of the oil and gas leasehold interest, whichever is applicable, and all cleanup and remediation costs, fines and penalties associated therewith, including but not limited to any Claims arising from Environmental Laws or relating to asbestos or to naturally occurring radioactive material. Environmental Claims shall not include the costs of any remediation undertaken voluntarily by any party, unless such

remediation is performed under the imminent threat of a Claim by a governmental body or other third party;

- b. "Environmental Laws" shall mean any laws, regulations, rules, ordinances, or order of any governmental authority(ies), which relate to or otherwise impose liability, obligation, or standards with respect to pollution or the protection of the environment, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §§ 6901 et seq.), the Clean Water Act (33 U.S.C. §§ 466 et seq.), the Safe Drinking Water Act (14 U.S.C. §§ 1401-1450), the Hazardous Material Transportation Act (49 U.S.C. §§ 1801 et seq.), the Clean Air Act, and the Toxic Substances Control Act (15 U.S.C. §§ 2601-2629); and
- c. Environmental Indemnification. KMG shall protect, indemnify, and hold harmless Surface Owner, homeowners association and any lot owner who purchases a lot from Surface Owner from any Environmental Claims relating to the Property and oil and gas leasehold thereunder that arise out of KMG's ownership and operation of the OGOA(s) and its ownership and operation of its pipeline easement or rights-of-way on the Property. Surface Owner shall fully protect, defend, indemnify and hold harmless KMG from any and all Environmental Claims relating to the Property that arise out of Surface Owner's development of the Property.

## **10. EXCLUSION FROM INDEMNITIES.**

The indemnities of the parties herein shall not cover or include any amounts which the indemnified party is actually reimbursed by any third party. The indemnities in this Agreement shall not relieve any party from any obligations to third parties.

## **11. NOTICE OF CLAIM FOR INDEMNIFICATION.**

If a Claim is asserted against a party for which the other party would be liable under the provisions of Section 9 or 10 above, it is a condition precedent to the indemnifying party's obligations hereunder that the indemnified party give the indemnifying party written notice of such Claim setting forth all particulars of the Claim, as known by the indemnified party, including a copy of the Claim (if it is a written Claim). The indemnified party shall make a good faith effort to notify the indemnifying party within five days of receipt of a Claim and shall affect such notice in all events within such time as will allow the indemnifying party to defend against such Claim.

## **12. REPRESENTATIONS.**

Each party represents that it has the full right and authority to enter into this Agreement. Specifically, the City affirms that all terms and conditions of that certain Installment Land Contract dated July 12, 2001 between Dorothy M Jacobucci Limited Partnership, Victor L. Jacobucci Trust and the City of Northglenn, recorded in Weld County Colorado on August 27,

2001 at Reception No. 2878082 have been met and that the City holds title to the Property and able to execute this Agreement. KMG does not represent that it has rights to settle matters for all of the mineral owners or any other lessees in the Property and this Agreement shall only apply to and bind the KMG leasehold interest in the property.

### **13. SUCCESSORS.**

The terms, covenants, and conditions hereof shall be binding upon and shall inure to the benefit of the parties and their respective heirs, devisees, executors, administrators, successors and assigns; provided, as to KMG, successors and assigns shall be deemed to be limited to lessees under the oil and gas leases which KMG owns.

### **14. TERM.**

This Agreement shall become effective when it is fully executed and shall remain in full force and effect until KMG's leasehold estate expires or is terminated, and KMG has plugged and abandoned all wells, Existing and Future included, owned all or in part by KMG and complied with the requirements of all applicable oil and gas leases pertaining to removal of equipment, reclamation, cleanup and all other applicable provisions of the leases and existing laws and regulations.

### **15. NOTICES.**

Any notice or other communication required or permitted under this Agreement shall be sufficient if deposited in U.S. Mail, postage prepaid, addressed to each of the following:

**If to KMG:**

Kerr McGee Oil & Gas Onshore LP  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, Colorado 80202  
Attention: Director of Land Denver Basin

If to Kerr-McGee Gathering LLC

Kerr-McGee Gathering LLC  
1099 18<sup>th</sup> Street, Suite 1800  
Denver, CO 80202  
Attention: Wattenberg Area Midstream

**If to Surface Owner:**

**City of Northglenn**  
P.O. Box 330061  
Northglenn, Colorado 80233-8061  
Attention: Public Works Department

Any party may, by written notice so delivered to the other parties, change the address or individual to which delivery shall thereafter be made.

#### **16. RECORDING AND SUBORDINATION.**

A memorandum of this agreement and any amendment hereto shall be recorded by KMG. KMG shall provide the Surface Owner with a copy showing the recording information as soon as practicable thereafter.

#### **17. SURFACE DAMAGES.**

Upon execution of this Agreement and payment of the consideration agreed upon and associated with the necessary right-of-way permits, and right-of-way grants attached hereto, Surface Owner hereby waives all other surface damage payments pursuant to any COGCC or local regulation, state statute, common law or prior agreement, for each and every well that is drilled, tank battery and emissions control device located on the Property within the OGOA(s) and also including but not limited to any access road, flowline, or pipeline constructed within the Petroleum Pipeline Easement. KMG may provide a copy of this Agreement to the COGCC as evidence of this waiver.

#### **18. APPLICABLE LAW.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado, without reference to its conflict of laws provisions.

#### **19. ENTIRE AGREEMENT.**

This Agreement sets forth the entire understanding among the parties hereto regarding the matters addressed herein, and supersedes any previous communications, representations or agreement, whether oral or written. This Agreement shall not be amended, except by written document signed by all parties.

#### **20. EXECUTION AND BINDING EFFECT**

This Agreement may be executed in any number of counterparts each of which shall be deemed an original instrument but all of which together shall constitute one and the same instrument, and shall be binding upon and inure to the benefit of the parties, and each of their respective heirs, executors, administrators, successors and assigns and is executed by the parties as of the Effective Date set forth above.

#### **21. COMPLIANCE WITH REGULATION.**

Surface Owner expressly acknowledges that this Agreement satisfies KMG's obligation under COGCC rules 305 and 306, as amended, to consult in good faith with the Surface Owner regarding the proposed oil and gas operations. Surface Owner further expressly acknowledges that this Agreement shall be deemed to be specifically applicable to and to fully satisfy, the obligation of KMG to accommodate Surface Owner's use of the surface of the Property, existing

or future, and waives any statutory or common law claims with respect thereto, except for actions to enforce this Agreement or obtain damages for its breach.

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

**KERR-MCGEE OIL & GAS ONSHORE LP**

**KERR-MCGEE GATHERING LLC (limited to the provisions of Section 2 of this Agreement)**

By: [Signature]  
**David Bell** *DB*  
Agent and Attorney-in-Fact

By: [Signature]  
**Ronald Olsen**  
Agent & Attorney-in-Fact

**CITY OF NORTHGLENN**

Approved  
[Signature]  
Law Dept.

By: [Signature]  
Name: Joyce Downing  
Title: Mayor

**ACKNOWLEDGMENTS**

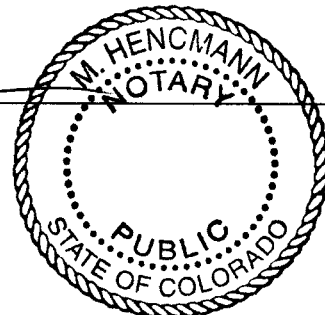
STATE OF COLORADO )  
 )ss.  
~~CITY AND~~ COUNTY OF Adams )

The foregoing instrument was acknowledged before me this 14<sup>th</sup> day of Nov, 2011, by David Bell, as Agent and Attorney-in-Fact of Kerr-McGee Oil & Gas Onshore LP on behalf of such entity.

Witness my hand and official seal.

[Signature]  
Notary Public

My Commission Expires: 9/27/2015



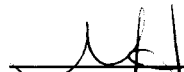
**My Commission Expires 9-27-2015**

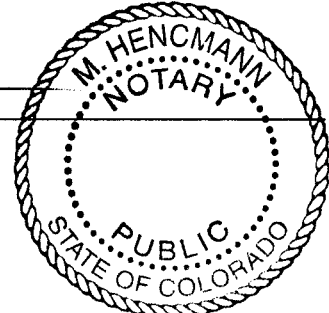


STATE OF COLORADO )  
 ) ss.  
COUNTY OF Denver )

The foregoing instrument was acknowledged before me this 16<sup>th</sup> day of Nov, 2011, by Ronald Olsen as Agent and Attorney-in-Fact of Kerr-McGee Gathering LLC, on behalf of such entity.

Witness my hand and official seal.

  
Notary Public



My Commission Expires: 9/27/2015

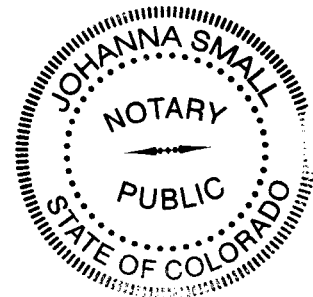
My Commission Expires 9-27-2015

STATE OF COLORADO )  
 ) ss.  
COUNTY OF Adams )

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of Oct. 2011, by Joyce Downing as Mayor of the City of Northglenn.

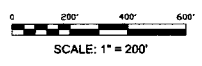
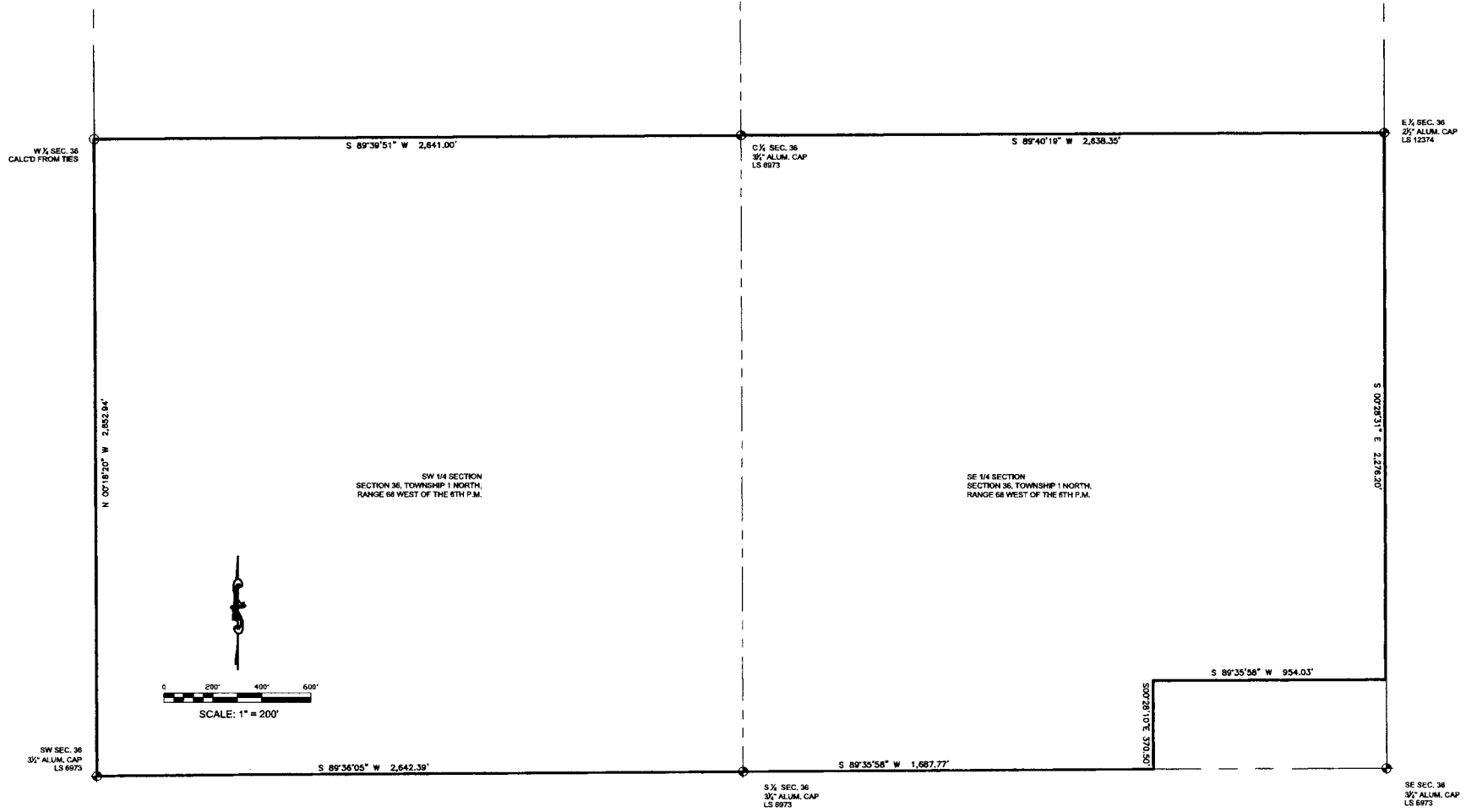
Witness my hand and official seal.

  
Notary Public



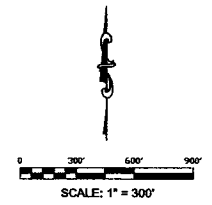
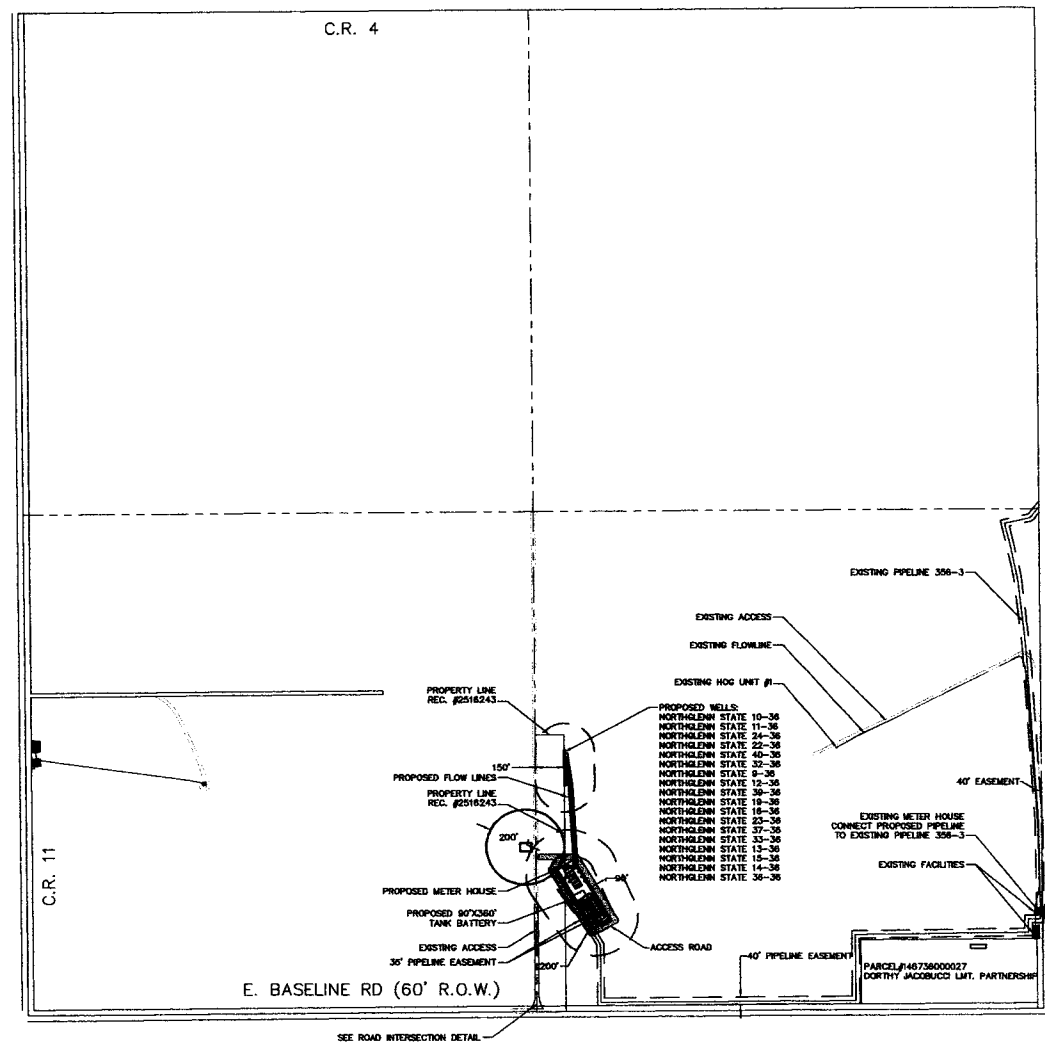
My Commission Expires October 27, 2012

"SUA" EXHIBIT A  
 NORTHGLENN STATE WELLS  
 LOCATED IN SECTION 36, TOWNSHIP 1 NORTH, RANGE 68 WEST, 6TH P.M.,  
 CITY OF NORTHGLENN, WELD COUNTY, COLORADO



NO.	DATE	REGISTER DESCRIPTION	NAME	PREPARED BY	TITLE DATE	1006 17TH STREET DENVER, CO 80202
					1006-10	
					BY JOHN J. HETZEL	
					BY JOHN J. HETZEL	
					T. 1 N.	
					R. 68 W.	
					T. 1 N.	
					SECTION 36	
					CITY OF NORTHGLENN, WELD COUNTY, COLORADO	
					SECTION 36, T. 1 N., R. 68 W.	
						SHEET 1 OF 1

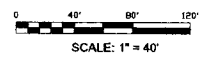
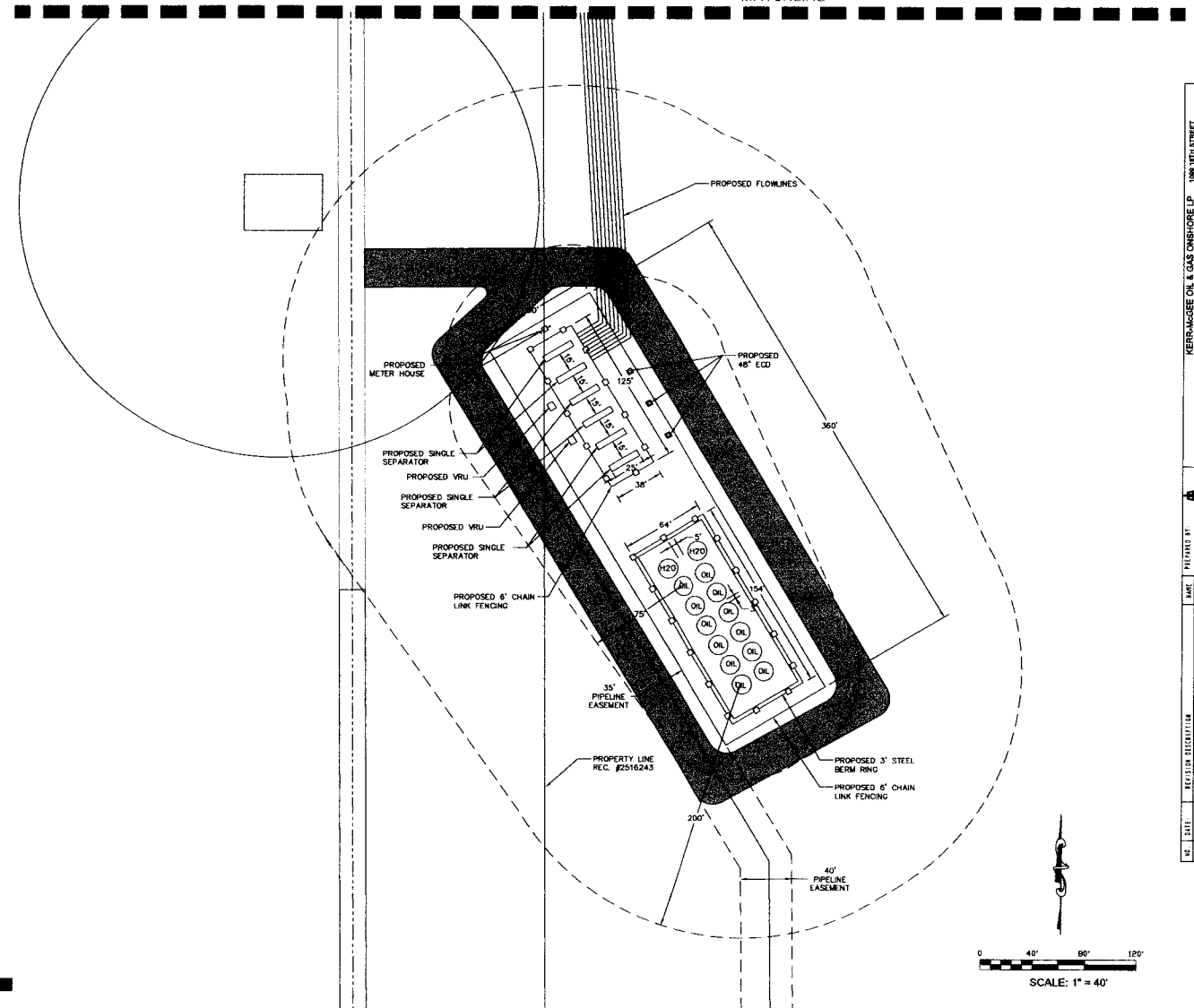
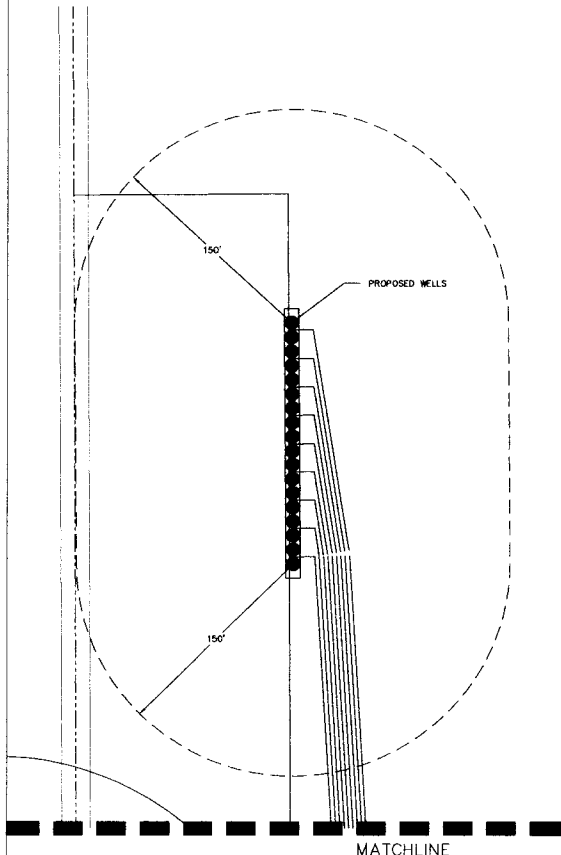
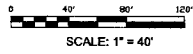
EXHIBIT B2  
 NORTHGLENN STATE WELLS  
 LOCATED IN SECTION 36, TOWNSHIP 1 NORTH, RANGE 68 WEST, 6TH P.M.,  
 CITY OF NORTHGLENN, WELD COUNTY, COLORADO



OVERALL SITE PLAN	
KERR-MAGEE OIL & GAS ONSHORE LP an unincorporated company 1908 4TH STREET DENVER, CO 80202	TITLE DATE: 10-08-10 DRAWER DATE: 07-27-11 11'
1801 W. 13TH AVE. DENVER, CO 80202	
PREPARED BY:  DATE:  REVIEWING ENGINEER:  DATE:  NO.   DATE:	KERR-MAGEE OIL & GAS ONSHORE LP 1908 4TH STREET DENVER, CO 80202 NORTHGLENN STATE U.S.R. 1801 W. 13TH AVE. DENVER, CO 80202 WELD COUNTY, COLORADO REC. 36, T1N, R68W SHEET 01/04

EXHIBIT B2  
 NORTHGLENN STATE WELLS 10-36, 11-36, 24-36, 22-36, 40-36, 32-36, 9-36, 12-36, 39-36, 19-36  
 16-36, 23-36, 37-36, 33-36, 13-36, 15-36, 14-36, 36-36  
 LOCATED IN SECTION 36, TOWNSHIP 1 NORTH, RANGE 68 WEST, 6TH P.M.,  
 CITY OF NORTHGLENN, WELD COUNTY, COLORADO

MATCHLINE



REVISION DESCRIPTION		DATE	BY
1	ISSUE FOR PERMITTING	11/11/10	JJA
2	REVISED PER PERMITTING	11/11/10	JJA
3	REVISED PER PERMITTING	11/11/10	JJA
4	REVISED PER PERMITTING	11/11/10	JJA

PREPARED BY:	KERR-MACGEE OIL & GAS ONSHORE LP
CLIENT:	1000-10 NORTHGLENN STATE U.S.R.
PROJECT:	CITY OF NORTHGLENN, WELD COUNTY, COLORADO
SECTION:	SEC. 36, T1N, R68W
SHEET:	11
TOTAL SHEETS:	11

DATE:	11/11/10
BY:	JJA
CHECKED BY:	JJA
SCALE:	1" = 40'

PAD PLAN

1000-10 NORTHGLENN STATE U.S.R.  
 CITY OF NORTHGLENN, WELD COUNTY, COLORADO  
 SEC. 36, T1N, R68W

PREPARED BY:  
**PFS**  
 PROJECT ENGINEER  
 1000 W. US 66  
 DENVER, CO 80202

## EXHIBIT C

### RIGHT-OF-WAY EASEMENT GRANT

**THIS RIGHT-OF-WAY EASEMENT GRANT** ("Grant") is made this \_\_\_th day of \_\_\_\_\_, 2011, from THE CITY OF NORTHGLENN, whose address is 11701 Community Center Drive, Northglenn, Colorado 80233 ("Grantor" whether one or more), to KERR-MCGEE GATHERING LLC, a Colorado limited liability company, whose address is 1099 18th Street, Suite 1800, Denver, Colorado 80202 ("KMGG"). The parties agree as follows:

For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants, conveys and warrants unto KMGG, its successors and assigns, a perpetual non-exclusive right-of-way easement to survey, construct, maintain, inspect, operate, repair, alter, replace, modify, change the size of, reconstruct, mark, monitor, abandon or remove, at KMGG's election, pipeline(s), meter, launcher and all appurtenances, below or above ground, convenient for the transportation or transmission of oil, gas, petroleum products, water, hydrocarbons and any other substances, whether fluid, solid or gaseous, and any products, derivatives, combinations or mixtures of any of the foregoing, in, on, over, under, or through the lands situated in Weld County, State of Colorado, being described as follows:

**TOWNSHIP 1 NORTH, RANGE 68 WEST, 6<sup>TH</sup> PM**

Section 36: S/2

The specific route and course of the right-of-way easement conveyed hereby ("Right-of-Way Easement Lands") are more particularly described on Exhibit "A" attached hereto and made a part hereof. The parties have agreed that the width of the Right-of-Way Easement Lands is fifty feet (50') during construction, and subsequent to construction the width of the Right-of-Way Easement Lands will be forty feet (40').

After the initial construction of the pipeline(s) KMGG may require, from time to time, temporary additional work space parallel and adjacent to the Right-of-Way Easement Lands to survey, construct, maintain, inspect, operate, repair, alter, replace, modify, change the size of, reconstruct, mark, monitor, abandon or remove the pipeline(s) together with all appurtenances. Grantor agrees to negotiate in good faith with KMGG to allow KMGG the use of this temporary additional work space.

Grantor represents and warrants to KMGG that Grantor is the sole owner in fee simple of the Right-of-Way Easement Lands, subject to the burden of the Right-of-Way Easement and has full right, power and authority to enter into this Grant.

Any pipe to be constructed hereunder will not be less than 48 inches below the surface of the ground. Grantor agrees not to increase or decrease the surface elevation on the Right-of-Way Easement Lands without KMGG's prior written permission. KMGG shall repair and/or restore any fence on or adjacent to the Right-of-Way Easement Lands removed or severed by KMGG in the course of the operations provided for in this Grant to the condition such fence was in prior to the removal by KMGG. If necessary to prevent the escape of Grantor's livestock, KMGG shall construct temporary gates or fences in those areas affected by KMGG's operations as provided for in this Grant.

KMGG shall level and restore any lands affected by KMGG's operations that may have excessive settling and sufficiently compact the soil within a reasonable period of time after completion of construction to the condition that existed at the time immediately prior to the placement of KMGG's pipeline, to the extent reasonably practicable.

Grantor agrees not to build, create, construct or permit to be built, created or constructed, any obstruction, building, fence, reservoir, engineering works or other structures or improvements over, under, on or across the Right-of-Way Easement Lands without the prior written consent of KMGG.

KMGG shall have all rights, privileges and benefits necessary or convenient for the full use and enjoyment of this Grant, including but not limited to, the right of ingress and egress over and across Grantor's lands lying adjacent to the Right-of-Way Easement Lands for any and all purposes necessary and incidental to exercising KMGG's rights hereunder.

KMGG shall be obligated to pay for, repair, replace or otherwise compensate Grantor for any damages resulting from KMGG's activities and operations on the Right-of-Way Easement Lands, except for any damage to structures or improvements placed in the Right-of-Way Easement Lands contrary to the terms contained herein; Grantor shall have the right to use and enjoy the Lands, subject to the rights herein granted.

This Grant cannot be modified, except by an instrument in writing signed by Grantor and an authorized representative of KMGG.

The rights granted herein may be assigned in whole or in part, and the terms, conditions, and provisions of this Grant are a covenant running with the land and shall extend to and be binding upon the successors, and assigns of Grantor and KMGG.

KMGG shall record an original of this Right-of-Way Easement Grant in the records of the County in which the Right-of-Way Easement Lands are located. By recording this Right-of-Way Easement Grant, KMGG shall be deemed to have accepted all of the terms and conditions hereof.

This Grant may be executed in counterparts each of which shall be considered one and the same agreement.

**Remainder of Document Intentionally Left Blank**

IN WITNESS WHEREOF, Grantor has executed and delivered this Right-of-Way Grant as of the date first above written.

**Grantor:**

THE CITY OF NORTHGLENN

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF COLORADO )

)ss.

COUNTY OF \_\_\_\_\_)

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2011, by \_\_\_\_\_, as \_\_\_\_\_ of The City of Northglenn.

Witness my hand and official Seal.

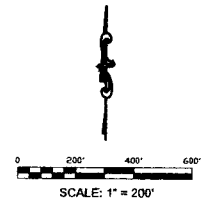
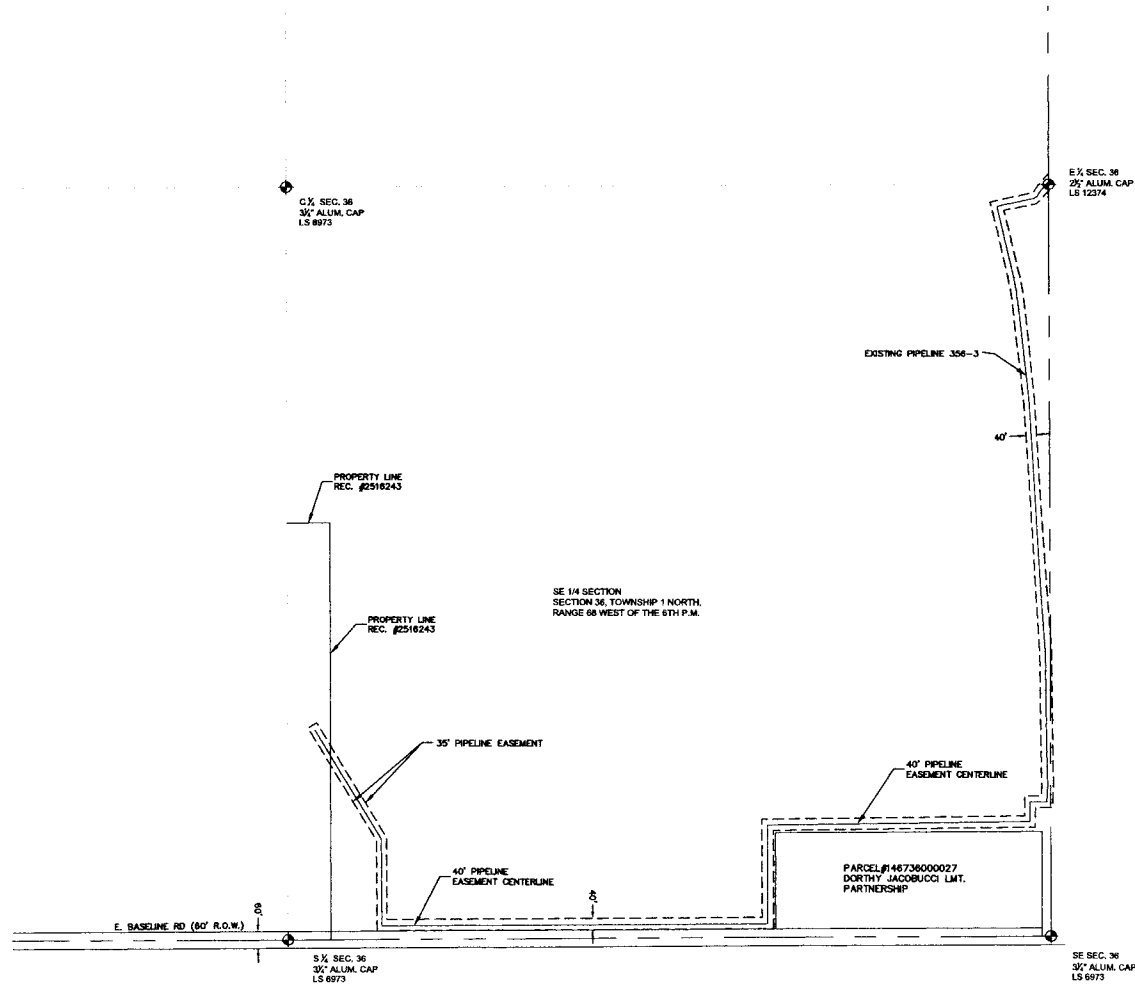
My Commission Expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public: \_\_\_\_\_

Address: \_\_\_\_\_

(SEAL)

R.O.W. EXHIBIT A  
 NORTHGLENN STATE WELLS  
 LOCATED IN SECTION 36, TOWNSHIP 1 NORTH, RANGE 68 WEST, 6TH P.M.,  
 CITY OF NORTHGLENN, WELD COUNTY, COLORADO



NO.	DATE	REVISION DESCRIPTION	DATE

PREPARED BY:  
**PFS**  
 PROFESSIONAL FERTILIZER SERVICES, LLC  
 1800 W. US HWY  
 DENVER, CO 80202

KERR-McGEE OIL & GAS ONSHORE LP  
 1111 16TH STREET  
 DENVER, CO 80202

TITLE DATE  
 10-06-10

TITLE  
 10-26-11

TOWN  
 T1N

RANGE  
 R68W

CITY OF NORTHGLENN, WELD COUNTY, COLORADO

SEC. 36, T1N, R68W

SHEET 1 OF 1





# EXHIBIT D

## General Guidelines for Design and Construction Activities On or Near Kerr- McGee Gathering LLC Pipelines and Related Facilities

This list of design, construction and contractor requirements, including but not limited to the following, is for the design and installation of foreign utilities or improvements on Kerr McGee Gathering LLC (KMGG) right-of-way (ROW). These are not intended to, nor do they waive or modify any rights KMGG may have under existing easements or ROW agreements. For information regarding KMGG's rights and requirements as they pertain to the existing easements, please reference existing easements and amendments documents. This list of requirements is applicable for KMGG facilities on easements and in road rights of ways only. Encroachments on fee property should be referred to the Land & ROW Department. Any reference to KMGG in the below requirements is meant to include and apply to any Kerr McGee entity.

### Design

- ♦ KMGG shall be provided sufficient prior notice of planned activities involving excavation, blasting, or any type of construction on KMGG's ROW or near its facilities. This is to determine and resolve any location, grade or encroachment problems and allow for the protection of KMGG's facilities and the general public. This prior notification is to be made before the actual work is to take place.
- ♦ The encroaching entity shall provide KMGG with a set of drawings for review and a set of final construction drawings showing all aspects of the proposed facilities in the vicinity of KMGG's ROW. The encroaching entity shall also provide a set of "as-built drawings" and submit to KMGG, showing the facilities in the vicinity of KMGG's ROW upon completion of the work.
- ♦ Only facilities shown on drawings reviewed by KMGG will be approved for installation on KMGG's ROW. All drawing revisions that affect facilities proposed to be placed on KMGG's ROW must be approved by KMGG in writing.
- ♦ KMGG shall approve the design of all permanent road crossings.
- ♦ Any repair to surface facilities following future pipeline maintenance or repair work by KMGG on its "prior rights" ROW will be at the expense of the developer or landowner. In addition, any repair to surface facilities following future pipeline maintenance or repair work by KMGG on replacement ROW granted to relocate KMGG facilities will also be done at the expense of the developer or landowner unless expressly addressed in surface use agreements and approved in writing by KMGG.
- ♦ The depth of cover over the KMGG pipelines shall not be increased or reduced nor surface modified for drainage without KMGG's written approval.
- ♦ Construction of any permanent structure within KMGG pipeline easement is not permitted without written approval by KMGG.
- ♦ Planting of shrubs and trees is not permitted on KMGG pipeline easement without written approval by KMGG.
- ♦ Irrigation equipment i.e. backflow prevent devices, meters, valves, valve boxes, etc. shall not be located on KMGG easement without written approval by KMGG.
- ♦ Foreign utility installations, i.e., distribution gas, oil and gas gathering, water, electric, telephone, cable and sewer lines, etc., may cross perpendicular to KMGG's pipeline within the ROW, provided that a minimum of eighteen inches (18") of vertical clearance is maintained between KMGG pipeline(s) and the foreign utility. Any installation by a foreign utility with less than 18" of vertical separation is not allowed without written approval by KMGG. In no case will vertical separation be less than 12". Constant line elevations must be maintained across KMGG's entire ROW width, gravity drain lines are the only exception and must be approved in writing. Foreign line crossings below the KMGG pipeline must be evaluated by KMGG to ensure that a significant length of the KMGG line is not exposed and unsupported during construction. Foreign line crossings above the KMGG pipeline with less than 18" of clearance must be evaluated by KMGG to ensure that additional support is not necessary to prevent settling on top of the KMGG natural gas pipeline. A KMGG representative must be on site during any crossing activities to verify clearance depths and to assure the integrity and support of the KMGG facility. All installations of foreign crossings done by boring and or jacking require the KMGG facility to be exposed to verify clearances.



## **General Guidelines for Design and Construction Activities On or Near Kerr- McGee Gathering LLC Pipelines and Related Facilities**

- ♦ Foreign utilities shall not run parallel to KMGG pipelines within the KMGG easement without written permission by KMGG. A minimum of 10 feet of horizontal separation must be maintained in parallel installations whether the foreign utility is placed within the KMGG easement or adjacent to the KMGG easement. Any deviation from the 10' horizontal requirement must be approved in writing by KMGG and an "as built survey" provided to KMGG after installation. In the instance that high voltage electric lines, greater than 20kV, are installed parallel to a KMGG pipeline a minimum horizontal distance of 15' must be maintained.
- ♦ The foreign utility should be advised that KMGG maintains cathodic protection on its pipelines and facilities. The foreign utility must coordinate their cathodic protection system with KMGG's. At the request of KMGG, foreign utilities shall install (or allow to be installed) cathodic protection test leads at all crossings for the purposes of monitoring cathodic protection interference. The KMGG CP technician and the foreign utility CP technician shall perform post construction CP interference testing. Interference issues shall be resolved by mutual agreement between foreign utility and KMGG. All costs associated with the correction of cathodic protection interference issues on KMGG pipelines as a result of the foreign utility crossing shall be borne by the foreign utility for a period of one year from date the foreign utility is put in service.
- ♦ The developer shall understand that KMGG, whether specifically required per federal law or by company standard, will mark the routing of its underground facilities with aboveground pipeline markers and test leads and maintain those markers and test leads. Markers will be installed at every point the pipeline route changes direction and adequate markers will be installed on straight sections of pipeline to insure, in the sole opinion of KMGG, the safety of the public, contractor, KMGG personnel and KMGG facilities.
- ♦ On all foreign utility crossings and / or encroachments, metallic foreign lines shall be coated with a suitable pipe coating for a distance of at least 10 feet on either side of the crossing.
- ♦ AC Electrical lines must be installed in conduit and properly insulated.
- ♦ On all foreign pipelines, DOT approved pipeline markers shall be installed so as to indicate the route of the foreign pipeline across the KMGG ROW.
- ♦ No power poles, light standards, etc. shall be installed in the KMGG easement without written approval by KMGG.
- ♦ KMGG installs above ground appurtenances at various locations that are used in the operation of its facilities. Kerr McGee will install protective enclosures at the above ground appurtenances to protect them from outside damage. The design and placement of these above ground appurtenances and protective enclosures is done at KMGG's sole discretion, and may exceed any regulatory requirements.

### **Construction**

- ♦ If KMGG will be relocating KMGG facilities for any entity, grading in the new KMGG ROW shall be +/- 6 inches before KMGG will mobilize to complete the relocation. Final cover after the completion of the project will not be manipulated by the requesting entity to be less than 48" nor more than 72". All cover that exceeds 72" or less than 48" will be approved in writing by KMGG. This does not preclude KMGG from installing the pipeline at a minimum cover of 36" as provided for in CFR 49 Part 192. Cover during all construction activities will NEVER be less than 36" unless approved in writing and a KMGG representative is on site during the time cover is reduced.
- ♦ The entity requesting relocation shall survey top of pipe after installation but before backfill to determine proper final elevation of KMGG facilities. The entity requesting relocation is solely responsible for the final depth of cover over the relocated KMGG facility. Any deviation from cover requirements as outlined above will be corrected at the sole expense of the entity requesting relocation.
- ♦ Contractors shall be advised of KMGG's requirements and be contractually obligated to comply.
- ♦ The continued integrity of KMGG's pipelines and the safety of all individuals in the area of proposed work near KMGG's facilities are of the utmost importance. Therefore, contractor must meet with KMGG representatives prior to construction to provide and receive notification listings for appropriate area operations and emergency personnel. **KMGG's on-site representative will require discontinuation of any work that, in his or her opinion, endangers the operations or safety of personnel, pipelines or facilities.**



## **General Guidelines for Design and Construction Activities On or Near Kerr- McGee Gathering LLC Pipelines and Related Facilities**

- ♦ **The Contractor must expose all KMGG pipelines prior to crossing to determine the exact alignment and depth of the lines. A KMGG representative must be present.**
- ♦ The use of probing rods for pipeline locating shall be performed by KMGG representatives only, to prevent unnecessary damage to the pipeline coating. A KMGG representative shall do all line locating.
- ♦ Notification shall be given to KMGG at least 72 hours before start of construction. A schedule of activities for the duration of the project must be made available at that time to facilitate the scheduling of KMGG's work site representative. Any Contractor schedule changes shall be provided to KMGG immediately.
- ♦ Heavy equipment will not be allowed to operate directly over KMGG pipelines or in KMGG ROW unless written approval is obtained from KMGG. Heavy equipment shall only be allowed to cross KMGG pipelines at locations designated by KMGG. Haul roads will be constructed at all crossings. The haul roads will be constructed using lightweight equipment. The existing depth of cover over the pipeline must be verified. Cover will be added such that a total of 8' of fill exists over the pipeline and extends a minimum of 10' on each side of the pipeline. Depth of cover will then taper as required for equipment access. Steel plates may be used for load dissipation only if approved in writing by KMGG.
- ♦ Contractor shall comply with all precautionary measures required by KMGG, at its sole discretion to protect its pipelines. When inclement weather exists, provisions must be made to compensate for soil displacement due to subsidence of tires.
- ♦ Excavating or grading which might result in erosion or which could render the KMGG ROW inaccessible shall not be permitted unless the contractor agrees to restore the area to its original condition and provide protection to KMGG's facility. At no time will cover be reduced to less than 36" without written approval by KMGG and a KMGG representative on site.
- ♦ A KMGG representative shall be notified prior to construction activities within twenty-five (25) feet of a KMGG pipeline or above ground appurtenance. The contractor shall not be allowed to work within twenty-five (25) feet of KMGG facilities without approval from the KMGG representative. The KMGG representative may or may not remain on site during the entire construction activity. Contractor shall use extreme caution and take appropriate measures to protect KMGG facilities. The contractor shall call the KMGG representative prior to backfilling around the KMGG facility to allow for a final inspection of the KMGG facility.
- ♦ Ripping is only allowed when the position of the pipe is known and not within ten (10) feet of KMGG facility. KMGG personnel must be present.
- ♦ Temporary support of any exposed KMGG pipeline by Contractor may be necessary if required by KMGG's on-site representative. Backfill below the exposed lines and 12" above the lines shall be replaced with sand or other selected material as approved by KMGG's on-site representative and thoroughly compacted in 12" lifts to 95% of standard proctor dry density minimum or as approved by KMGG's on-site representative. This is to adequately protect against stresses that may be caused by the settling of the pipeline.
- ♦ No blasting shall be allowed within 1000 feet of KMGG's facilities unless blasting notification is given to KMGG including complete Blasting Plan Data. A pre-blast meeting shall be conducted by the organization responsible for blasting.
- ♦ KMGG shall be indemnified and held harmless from any loss, cost of liability for personal injuries received, death caused or property damage suffered or sustained by any person resulting from any blasting operations undertaken within 500 feet of its facilities. The organization responsible for blasting shall be liable for any and all damages caused to KMGG's facilities as a result of their activities whether or not KMGG representatives are present. KMGG shall have a signed and executed Blasting Indemnification Agreement before authorized permission to blast can be given.
- ♦ No blasting shall be allowed within 200 feet of KMGG's facilities unless blasting notification is given to KMGG a minimum of one week before blasting. The organization responsible for blasting must complete Blasting Plan Data. KMGG shall review and analyze the blasting methods. A written blasting plan shall be provided by the organization responsible for blasting and agreed to in writing by KMGG. A written emergency plan shall be provided by the organization responsible for blasting.
- ♦ KMGG shall have a signed and executed Blasting Indemnification Agreement before authorized permission to blast can be given. A pre-blast meeting shall be conducted by the organization responsible for blasting.



## **General Guidelines for Design and Construction Activities On or Near Kerr- McGee Gathering LLC Pipelines and Related Facilities**

- ♦ Any contact with any KMGG facility, pipeline, valve set, etc. shall be reported immediately to KMGG. If repairs to the pipe are necessary, they will be made and inspected before the section is re-coated and the line is back-filled.
- ♦ KMGG personnel shall install all test leads on KMGG facilities.

### **Local Kerr-McGee Gathering LLC Representation:**

Operations Manager	Kevin Osif, P.E.	Phone: (303) 655-4307
Staff Engineer:	Joseph E. Sanchez, P.E.	Phone: (303) 655-4319
Pipeline Foreman:	James Phillips	Phone: (303) 655-4343
Construction Foreman:	Jim McQuiston	Phone: (303) 655-4338
Construction Supervisor	Darrel Gentry	Phone: (303) 655-4326

### **Emergency Contacts:**

On call supervisor	Phone: (303) 559-4001
Kerr McGee 24 hour emergency number	Phone: (303) 659-5922
One Call Emergency	Phone: 811

## RIGHT-OF-WAY EASEMENT GRANT

**THIS RIGHT-OF-WAY EASEMENT GRANT** ("Grant") is made this 27th day of October, 2011, from THE CITY OF NORTHGLENN, whose address is 11701 Community Center Drive, Northglenn, Colorado 80233 ("Grantor" whether one or more), to KERR-MCGEE GATHERING LLC, a Colorado limited liability company, whose address is 1099 18th Street, Suite 1800, Denver, Colorado 80202 ("KMGG"). The parties agree as follows:

For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants, conveys and warrants unto KMGG, its successors and assigns, a perpetual non-exclusive right-of-way easement to survey, construct, maintain, inspect, operate, repair, alter, replace, modify, change the size of, reconstruct, mark, monitor, abandon or remove, at KMGG's election, pipeline(s), meter, launcher and all appurtenances, below or above ground, convenient for the transportation or transmission of oil, gas, petroleum products, water, hydrocarbons and any other substances, whether fluid, solid or gaseous, and any products, derivatives, combinations or mixtures of any of the foregoing, in, on, over, under, or through the lands situated in Weld County, State of Colorado, being described as follows:

**TOWNSHIP 1 NORTH, RANGE 68 WEST, 6<sup>TH</sup> PM**  
Section 36: S/2

The specific route and course of the right-of-way easement conveyed hereby ("Right-of-Way Easement Lands") are more particularly described on Exhibit "A" attached hereto and made a part hereof. The parties have agreed that the width of the Right-of-Way Easement Lands is fifty feet (50') during construction, and subsequent to construction the width of the Right-of-Way Easement Lands will be forty feet (40').

After the initial construction of the pipeline(s) KMGG may require, from time to time, temporary additional work space parallel and adjacent to the Right-of-Way Easement Lands to survey, construct, maintain, inspect, operate, repair, alter, replace, modify, change the size of, reconstruct, mark, monitor, abandon or remove the pipeline(s) together with all appurtenances. Grantor agrees to negotiate in good faith with KMGG to allow KMGG the use of this temporary additional work space.

Grantor represents and warrants to KMGG that Grantor is the sole owner in fee simple of the Right-of-Way Easement Lands, subject to the burden of the Right-of-Way Easement and has full right, power and authority to enter into this Grant.

Any pipe to be constructed hereunder will not be less than 48 inches below the surface of the ground. Grantor agrees not to increase or decrease the surface elevation on the Right-of-Way Easement Lands without KMGG's prior written permission. KMGG shall repair and/or restore any fence on or adjacent to the Right-of-Way Easement Lands removed or severed by KMGG in the course of the operations provided for in this Grant to the condition such fence was in prior to the removal by KMGG. If necessary to prevent the escape of Grantor's livestock, KMGG shall construct temporary gates or fences in those areas affected by KMGG's operations as provided for in this Grant.

KMGG shall level and restore any lands affected by KMGG's operations that may have excessive settling and sufficiently compact the soil within a reasonable period of time after completion of construction to the condition that existed at the time immediately prior to the placement of KMGG's pipeline, to the extent reasonably practicable.

Grantor agrees not to build, create, construct or permit to be built, created or constructed, any obstruction, building, fence, reservoir, engineering works or other structures or improvements over, under, on or across the Right-of-Way Easement Lands without the prior written consent of KMGG.

KMGG shall have all rights, privileges and benefits necessary or convenient for the full use and enjoyment of this Grant, including but not limited to, the right of ingress and egress over and across Grantor's lands lying adjacent to the Right-of-Way Easement Lands for any and all purposes necessary and incidental to exercising KMGG's rights hereunder.

KMGG shall be obligated to pay for, repair, replace or otherwise compensate Grantor for any damages resulting from KMGG's activities and operations on the Right-of-Way Easement Lands, except for any damage to structures or improvements placed in the Right-of-Way Easement Lands contrary to the terms contained herein; Grantor shall have the right to use and enjoy the Lands, subject to the rights herein granted.

This Grant cannot be modified, except by an instrument in writing signed by Grantor and an authorized representative of KMGG.

The rights granted herein may be assigned in whole or in part, and the terms, conditions, and provisions of this Grant are a covenant running with the land and shall extend to and be binding upon the successors, and assigns of Grantor and KMGG.

KMGG shall record an original of this Right-of-Way Easement Grant in the records of the County in which the Right-of-Way Easement Lands are located. By recording this Right-of-Way Easement Grant, KMGG shall be deemed to have accepted all of the terms and conditions hereof.

This Grant may be executed in counterparts each of which shall be considered one and the same agreement.

**Remainder of Document Intentionally Left Blank**

IN WITNESS WHEREOF, Grantor has executed and delivered this Right-of-Way Grant as of the date first above written.

**Grantor:**

THE CITY OF NORTHGLENN

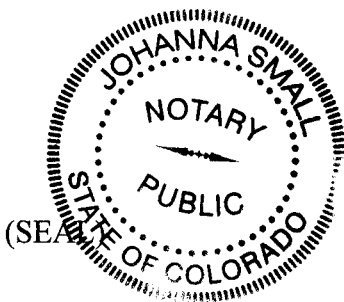
By: Joyce Downing  
Name: Joyce Downing  
Title: Mayor

STATE OF COLORADO )  
  )ss.  
COUNTY OF Adams )

The foregoing instrument was acknowledged before me this 27<sup>th</sup> day of Oct., 2011, by Joyce Downing, as Mayor of The City of Northglenn.

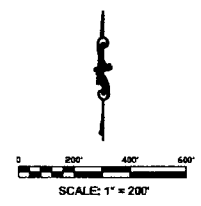
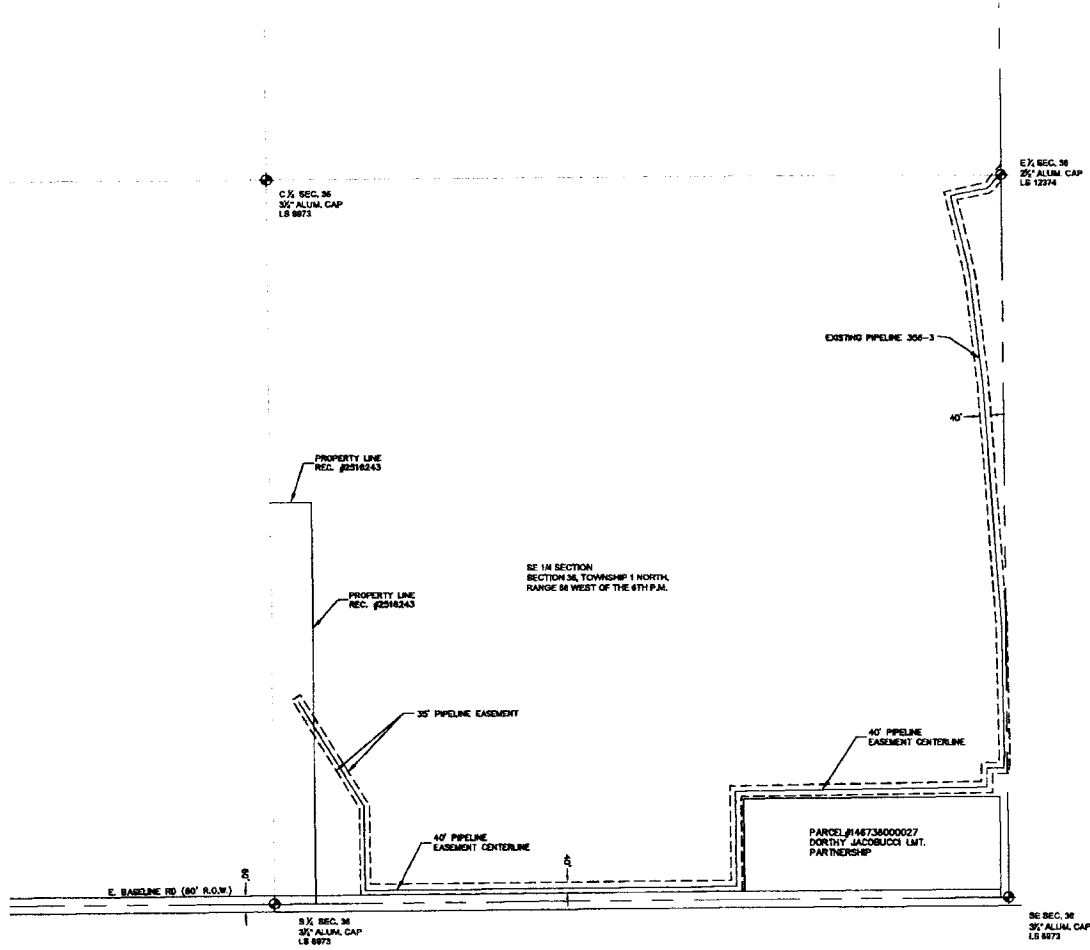
Witness my hand and official Seal.

My Commission Expires: October 27, 2012



Johanna Small  
Notary Public: Johanna Small  
Address: 11701 Community Center Dr.  
Northglenn CO 80233

**R.O.W. EXHIBIT A**  
**NORTHGLENN STATE WELLS**  
 LOCATED IN SECTION 36, TOWNSHIP 1 NORTH, RANGE 68 WEST, 6TH P.M.,  
 CITY OF NORTHGLENN, WELD COUNTY, COLORADO



DATE:		DRAWN BY:		CHECKED BY:		DATE:	
REVISED:		REVISED:		REVISED:		REVISED:	
PREPARED BY: KEEN-MORSE OIL & GAS CONSULTING LP AN INDEPENDENT COMPANY 1450 N. D NORTHGLENN STATE B.U.A. TRIMBLE, COLORADO CITY OF NORTHGLENN, WELD COUNTY, COLORADO SEC. 36, T1N, 68W							
SHEET 1 OF 1							