

## SURFACE USE AGREEMENT

This agreement dated \_\_\_\_\_, 20\_\_ is entered into between \_\_\_\_\_, of \_\_\_\_\_ (the "Owner") and \_\_\_\_\_ of \_\_\_\_\_, (the "Lessee") upon the terms and conditions set forth below.

**1. Background.** Owner is the owner of certain real property located in \_\_\_\_\_ Township, \_\_\_\_\_ County, Michigan as legally described on the attached Exhibit A ("Premises"). The Lessee wishes to lease the Premises under an oil and gas lease for the exploration of production of oil and gas from the Premises. The Owner wishes to limit the Lessee's use of the surface of the Premises in any exploration and production undertaken of minerals on the Premises. The parties have agreed to the limitations upon the use of the surface of the Premises as set forth in this Agreement. This Agreement is given in conjunction with a mineral interest or an oil and gas lease granted by the Owner to the Lessee.

**2. Consideration.** The parties agree that they have received good and valuable consideration to enter into this Agreement in the conveyance between the parties of even date relating to the Premises.

**3. Well.** Lessee desires the right to drill a well (the "Well") on the Premises. The location of the proposed Well is shown on the attached Exhibit B.

**4. Easement in Gross.** Owner grants an easement in gross to Lessee and its successors in interest for the term of this Agreement to enter upon and use the Premises for the purpose of drilling and operating the Well on the Premises and to establish a pipeline or flowline right-of-way and access road location on the Premises. Lessee will pay \$\_\_\_\_\_ per rod of road, pipeline, or flowline constructed on Owner's property, at the time of construction.

**5. Well Site.** Lessee shall consult with Owners as to the location of the Well, its flowlines, and pipelines and any access roads to be used by Lessee to access Well.

**6. Roads.** Owners will agree on the location, construction, and maintenance of any road so as to cause the least interference with Owner's use and enjoyment of the Premises. At Owner's request, Lessee will use existing roads on Owner's lands for its operations. If construction of a new road is required, in no event shall it be located closer than \_\_\_\_\_ yards from any structures or bodies of water on the Premises.

**7. Gates.** Lessee shall provide gates on all roads it constructs to control the use of the roads and shall keep them locked except when they are in use by Lessee or its successors under this Agreement and an access method shall be provided to Owner for emergency purposes.

**8. Trees.** To the extent Lessee believes it necessary to cut or remove any trees, saplings, or seedlings to access the drill site, construct, maintain, or service the Well, its pipelines, flowlines, or related equipment, Lessee shall consult with Owner and shall not remove any trees with diameters in excess of 6 inches unless alternative routes or locations are not feasible for the location of the improvements to be constructed by the Lessee. Owner has the option of having the trees, saplings or seedlings removed by an agent of the Owner. Owner's agent shall be required to work within time limits set forth by Lessee. Should it be necessary for Lessee to remove trees, saplings or seedlings, the trees of 4 inches in diameter or more shall be cut into "log" lengths and shall be stacked along the right-of-way and shall remain the property of Owner. All stumps and brush shall be removed from the Premises. Lessee shall pay Owner the fair market value of trees, saplings, and seedlings destroyed in the creation, maintenance or use of any area for the Well equal to \$\_\_\_\_\_ per acre timber consideration fee as set forth by the Forest Management Division.

9. **Soil Grading and Erosion Issues.** The Lessee shall undertake its work to avoid soil erosion and comply with the Department of Natural Resources and Environment's soil erosion standards and promptly repair and restore any erosion which does occur on the Premises as a result of Lessee's actions.

10. **Restoration of the Property.** The Lessee shall restore the area disturbed by its operations to its state prior to any construction by Lessee upon completion of the operations.

11. **Maintenance.** The Lessee shall at all times keep the Well site and the road right-of-way in good order, free of noxious weeds, litter and debris. The Lessee shall not permit the release or discharge of any brine, toxic or hazardous chemicals, or wastes on the Premises. All disturbed areas caused by Lessee's activities shall be reseeded at the Lessee's expense using a Department of Natural Resources and Environment-approved wildlife mix forthwith. The Lessee shall curtail dust on the road right-of-way and in other areas upon which dust is being produced on a regular basis.

12. **Produced Water.** No surface discharge of produced water shall be permitted on the Premises.

13. **Improvements.** Any gates, fences, or other improvements which are removed or damaged in the construction or in maintenance of the Well road and pipeline right-of-way shall be replaced and/or restored as close as possible to its original condition.

14. **Payments.** The payments provided for in this Agreement do not include amounts which may be required to be paid for damage to wildlife, the Premises, bodies of water, buildings, improvements, or injuries to persons or to any damage or destruction caused to the Premises.

15. **Time.** Time is of the essence in the performance of this Agreement.

16. **Indemnification.** To the maximum extent permitted by law, Lessee will indemnify, defend, and hold the Owners and successive Owners of the Premises harmless from any and all claims, liabilities, demands, suits, losses, damages and costs which may arise out of or be related to Lessee's activities on the Premises.

17. **Compliance with Law.** Lessee shall conduct all operations and activities in accordance with existing local, state and federal laws, rules and regulations.

18. **Notice.** Notice may be given to each of the parties to this Agreement by depositing the notice in the United States mail, postage prepaid, addressed to the party at the address set forth above in the first paragraph of this Agreement. Notice shall be deemed delivered when deposited in the United States mail.

19. **Jurisdiction and Venue.** This Agreement shall be construed under the laws of the State of Michigan and venue for any disputes under this Agreement shall lie in the county in which the Premises is located.

20. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns.

21. **Effective Date.** This Agreement shall be effective as of the date first stated above.

OWNER

LESSEE

/s/ \_\_\_\_\_

By: /s/ \_\_\_\_\_

Its:

STATE OF MICHIGAN     )  
\_\_\_\_\_ COUNTY        )

The foregoing instrument was acknowledged before me on \_\_\_\_\_ by \_\_\_\_\_.

\_\_\_\_\_

Notary public, State of Michigan, County of \_\_\_\_\_.  
My commission expires \_\_\_\_\_.  
Acting in the County of \_\_\_\_\_.

STATE OF MICHIGAN     )  
\_\_\_\_\_ COUNTY        )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ by \_\_\_\_\_  
of \_\_\_\_\_, a \_\_\_\_\_, on behalf of the \_\_\_\_\_.

\_\_\_\_\_

Notary public, State of Michigan, County of \_\_\_\_\_.  
My commission expires \_\_\_\_\_.  
Acting in the County of \_\_\_\_\_.

No opinion of title rendered.  
Drafted by and when recorded return to: