

# BONANZA CREEK OPERATING COMPANY, LLC

CORPORATE OFFICE

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Bakersfield, CA 93309  
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ROCKY MOUNTAIN OFFICE

410 - 17<sup>th</sup> Street, Suite 1380  
Denver, CO. 80202

Office: 720/279-2330  
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March 2, 2006

Mr. Moua Xor Chia  
Mrs. May See Moua  
743 U Street  
Merced, CA 95340-6551

RE: Surface Use Agreement

T5N-R61W

Section 16: W/2 - State Pronghorn 11-16

Section 21: NE/4 - Pronghorn 31-21, Pronghorn 42-21, James Davis #1 (SENE)

Section 22: NW/4

Weld County, Colorado

Dear Mr. and Mrs. Moua:

This Letter Agreement (Letter) when signed by you will supplement the terms of that certain Surface Use Agreement (Agreement) dated effective February 15, 2006, by and between Moua Xor Chia and May See Moua and Bonanza Creek Operating Company (Bonanza) pertaining to the captioned lands. You have advised Bonanza that your lands in Township 5 North, Range 61 West, Section 16: W/2, Section 21: NE/4 and Section 22: NW/4 are currently under CRP contracts. You were advised that any semi-permanent facilities on the surface would disqualify the only affected lands under the contract.

To compensate you, in addition to the compensation you will receive under the terms of the SUA for disturbing the lands, Bonanza agrees to pay you \_\_\_\_\_ per year per wellsite and access road (one acre) for any well it completes as a producing well on the captioned lands for the remaining terms of your current CRP contracts. If you renew the contracts at the end of the current term, this Letter will apply for the terms of the renewed contracts only.

This Letter is supplemental to the Agreement and will only be effective if the Agreement is signed by all parties.

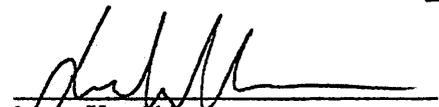
Yours very truly

BONANZA CREEK OPERATING COMPANY, LLC



Gary A. Grove  
Chief Operating Officer

AGREED AND ACCEPTED THIS 31 day of March, 2006.



Moua Xor Chia



May See Moua

## SURFACE DAMAGE AGREEMENT

THIS SURFACE DAMAGE AGREEMENT is made by and between Moua Xor Chia and May See Moua, whose address is 742 U Street, Merced, CA 95340-6551, herein called the "Surface Owner", and Bonanza Creek Operating Company, whose address is 4900 California Avenue, Suite 350-B, Bakersfield, CA 93309, herein called "BCOC".

BCOC proposes to conduct drilling operations to drill oil and gas wells (the "Wells") in Sections 16, (W/2), 21 (NE/4), and 22 (NW/4), Township 5 North, Range 61 West, 6th P.M., Weld County, Colorado, herein called the "Lands", and, thereafter, BCOC proposes to conduct production operations on the Lands. Surface Owner represents that it owns and is in possession of the entire surface estate in the Lands upon which the Wells and associated equipment will be located and upon which production operations will be conducted. By this instrument, BCOC and Surface Owner set forth their agreement concerning the surface damages resulting from the drilling of the Wells and subsequent production operations.

NOW, THEREFORE, in consideration of the sum of \_\_\_\_\_ to be paid for each well to be drilled, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Normal Damages. Prior to commencement of drilling operations, BCOC shall pay Surface Owner the above stated sum as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, completion, reworking, equipping and maintenance of each Well and all subsequent production operations of each Well. Activities shall include, but shall not be limited to:

A. construction of access roads, preparation and use of the drill site area (not to exceed three acres in size, exclusive of access road), preparation and use of reserve and water pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, treaters, tank batteries, and any other equipment or facilities necessary or convenient for the production, transportation and sale of oil and/or gas from each of Wells; and,

B. all damages caused to Surface Owner's Land resulting from the installation and connection of buried gas pipelines from the Wells' equipment and/or facilities to the gas purchaser's pipeline.

2. Abnormal Damages. If, by reasons directly resulting from the activities and/or operations of BCOC, there is damage to real or personal property upon the Lands which is not associated with usual, convenient and customary operations, such as, but not limited to, damage to livestock, structures, fences, culverts, cement ditches, and irrigation systems, BCOC shall promptly repair such damage or pay reasonable compensation to Surface Owner.

3. Notice of Heavy Equipment Operations. If requested by Surface Owner, prior to heavy equipment operations on the Lands, BCOC's representative will meet and consult with Surface Owner, or Surface Owner's representative, as to the location of each wellsite access roads, flowlines, tank batteries, gas sales lines and other associated production facilities.

4. Waiver of Thirty Day Notices. Surface Owner hereby waives the thirty (30) day advance notices required by Colorado Oil and Gas Conservation Commission ("COGCC") Rule 305., as amended, and agrees to execute a separate waiver for filing with the COGCC if requested by BCOC.

5. Notice to Tenant(s). With respect to notices required to be given under COGCCs Rule 305, it shall be the responsibility of the notified Surface Owner to give notice of the proposed operation to the tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by such proposed operations. As a courtesy to Surface Owner and Tenant(s), BCOC will attempt to notify said third party prior to commencement of any operation, but, shall be under no obligation to do so.

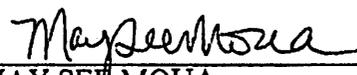
6. Topsoil Reclamation. All topsoil removed during drill site preparation and reserve and water pits construction (but not including buried flowlines and gas pipeline installations, which will be accomplished by trenching) shall be segregated and kept separate from subsoil. Prior to replacing topsoil, bentonite drilling mud and fluids remaining in pits as a result of the drilling operations may be mixed in with subsoils when pits are restored and/or may be spread on the surface. After subsoils have been replaced, topsoil shall be restored to its original location and condition as near as possible in the course of restoration activities.

7. Site Restoration. Upon completion of any activity by BCOC, the premises shall be restored to its original condition as near as reasonably practical. All materials and equipment associated with the activity, such as concrete, plastic, pipe, cable and similar waste materials and refuse, shall be removed. Weather permitting, reclamation and restoration operations shall be completed as soon as is feasible following drilling and subsequent related operations, unless BCOC and Surface Owner mutually agree to postponement because of crop or other considerations.

8. Successors, Assign and Agents. This Surface Damage Agreement shall be binding upon and inure to the benefit of the parties hereto, their agents, successors and assigns, and may be executed in counter parts and/or on different dates.

IN WITNESS WHEREOF, this instrument is executed as of the dates written below, but shall be effective as of February 15, 2006.

  
MOUA XOR CHIA  
Date: 3-29-06

  
MAY SEE MOUA  
Date: 3/29/06

BONANZA CREEK OPERATING COMPANY

  
Gary A. Grove  
Chief Operating Officer  
Date: \_\_\_\_\_