

## Surface Use and Damages Agreement Between

Bonanza Creek Energy Operating Co., LLC  
410 17<sup>th</sup> St. Suite 1400  
Denver, CO 80202  
Office: 720-440-6100  
Fax: 720-279-2331

and

Wetco Farms, Inc., a Colorado Corporation  
2055 1<sup>st</sup> Avenue  
Greeley, CO 80631

Referenced Lands: Township 4 North, Range 63 West  
Section 4: W/2, and the West 481' of the E/2  
Weld County, Colorado

Referenced Well: Wetco Farms F-J-4HC

THIS SURFACE USE AND DAMAGES AGREEMENT is made by and between Bonanza Creek Energy Operating Co., LLC, a Delaware limited liability company, whose address 410 17<sup>th</sup> St. Suite 1400, Denver, CO 80202, hereinafter called "**Bonanza**", and Wetco Farms, Inc., a Colorado Corporation, whose address is 2055 1<sup>st</sup> Avenue, Greeley, CO 80631, hereinafter collectively called the "**Surface Owner**".

Bonanza proposes to conduct operations to drill the Wetco Farms F-J-4HC ("Well") on the above referenced lands, thereafter, Bonanza proposes to conduct completion and production operations on the Well. Surface Owner represents that it owns and is in possession of the entire surface estate in Section 4 (W/2, and the West 481' of the E/2) in Township 4 North, Range 63 West, hereinafter called the "Referenced Lands", upon which the Well will be located; associated equipment located; and production operations conducted. Bonanza holds oil and gas leaseholds in the Referenced Lands and certain surrounding lands.

NOW, THEREFORE, for and in consideration of the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surface Owner and Bonanza, incorporate by reference the above Recitals and agree as follows:

1. Right-of-Way. Surface Owner hereby grants Bonanza, its employees and designated agents, a private right-of-way to enter upon, use and cross the Referenced Lands for the purpose of oil and gas operations and access to its leaseholds, including the drilling, completing and producing the Well and the carrying of off-lease oil and gas production on and through the Referenced Lands. By this instrument Bonanza and Surface Owner set forth their agreement concerning the surface damages resulting from such uses, including the drilling and completing of the Well and subsequent production operations from the Well on the Referenced Lands.

2. Nonexclusive Rights. The rights granted by Surface Owner to Bonanza are nonexclusive, and Surface Owner reserves the right to use all access roads and all surface and subsurface uses of the Referenced Lands, and the right to grant successive easements thereon or

across on such terms as Surface Owner deems necessary or advisable, so long as they do not unreasonably interfere with Bonanza's oil and gas operations.

3. Normal Damages. Prior to commencement of drilling operations on the Well drilled on the Referenced Lands, Bonanza shall pay Surface Owner the below 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 and production of the Well and the other rights granted herein. Activities shall include but shall not be limited to:

A. construction and use of access roads, preparation and use of the drill site area (drill site area not to exceed 500' X 500' in size, exclusive of access roads and pipelines), preparation and use of reserve and water pits, water supply tanks and construction, installation and maintenance of production equipment and facilities such as flow lines, gas pipelines, water transfer lines, separators, treaters, tank batteries and any other equipment or facilities necessary or convenient for the production, transportation, gathering and sale of oil and/or gas from the Well and Bonanza's leaseholds; and

B. all damages caused to the Referenced Lands resulting from access roads and the installation and connection of buried gas pipelines from the Wells equipment and/or facilities to the gas purchaser's pipeline and surface water transfer lines.

Bonanza shall have the right to install a tank battery and facility when needed to serve the referenced Well. Surface Owner shall allow an access to the wellhead.

4. Abnormal Damages. If, by reasons directly resulting from the activities and/or operations of Bonanza, there is damage to real or personal property upon the Referenced Lands which is not associated with usual, convenient and customary operations, such as, but not limited to, operations (including all acts or missions of drilling contractors and water supply trucks) which are below the industry standards in Weld County or which are outside of mutually agreed locations for roads, drill sites, flow lines, separating equipment, storage tanks; or which cause damage to livestock, structures, fences, culverts, cement ditches, and irrigation systems, Bonanza shall promptly repair such damage or pay reasonable compensation to Surface Owner.

5. Notice of Heavy Equipment Operations. If requested by Surface Owner, prior to heavy equipment operations on the Referenced Lands, Bonanza's representative will meet and consult with Surface Owner or Surface Owner's representative, as to the location of the well site, access roads, flow lines, tank batteries, gas sales lines and other associated production facilities. Bonanza will provide the 7-day advance notice of subsequent well operations with heavy equipment as required by COGCC Rule 305.e(4)&(5).

6. Consultation and Waivers. Surface Owner hereby waives and agrees to promptly execute separate waivers for filing with the COGCC upon request, for the operations authorized by this Agreement, including:

A. the thirty (30) day advance notice required by the Colorado Oil and Gas Conservation Commission ("COGCC") Rule 305, as amended;

B. the consultation required by the COGCC Rule 306.

C. exceptions from the twinning requirement of COGCC Rule 318A(I).c.(2) and. Surface Owner also agrees to consent to drilling outside of drilling windows established by COGCC Rule 318A(I).a.

Whenever in this Agreement the Surface Owner is given the right to approve, accept, designate, consent to or grant a waiver with respect to any action, plan or proposal of Bonanza, the Surface Owner shall not unreasonably withhold or delay such approval, acceptance, designation, waiver and/or consent.

7. Colorado Oil and Gas Conservation Commission. Bonanza agrees to comply with all the COGCC rules and regulations regarding the activities proposed herein.
8. Notice to Tenant(s). With respect to notices required to be given under COGCC's 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 crops or surface improvements that could be affected by such proposed operations. As a courtesy to Surface Owner and Tenant(s), Bonanza will attempt to notify said third party prior to commencement of any operation, but shall be under no obligation to do so.
9. Topsoil Reclamation. All topsoil removed during drill site preparation and reserve and water pits construction (but not including buried flow lines and gas pipeline installations, which will be accomplished by trenching, not to exceed 18 inches in width) 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 shall be removed and/or may be spread on the surface is so desired by Surface Owner or Surface Owner's tenant farmer. After subsoils have been replaced, topsoil shall be restored to its original location and condition as nearly as possible in the course of restoration activities. Bonanza shall replace natural grasses and take all reasonable steps necessary to assure there is no soil erosion directly resulting from the activities and/or operations of Bonanza caused by the wind.
10. Site Restoration. Upon completion of any activity by Bonanza, the premises shall be restored to its original condition as nearly as reasonably practical. At Bonanza's discretion, adequate road base material shall be applied to improve field access roads and tank battery sites where necessary. All unnecessary surface equipment and materials 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 feasible following drilling and subsequent related operations, unless Bonanza and Surface Owner mutually agree to postponement because of crop or other considerations.
11. Successors, Assigns and Agents. This agreement shall be binding upon and inure to the benefit of the parties hereto, their agents, successors and assigns, and may be executed in counterparts and/or on different dates, each of which shall be deemed to be an original for the purposes hereof.

12. Default and Right to Cure. In the event of alleged default by Bonanza in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, Surface Owner will notify Bonanza, by certified mail, return receipt requested, of the alleged default. Bonanza will have 30 business days from receipt of the written notification in which to dispute or otherwise respond to the notification before Surface Owner may allege default.

Except as otherwise agreed in writing, no waiver by Surface Owner of any breach by Bonanza of any of its obligations, agreements, or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by Surface Owner to seek a remedy for any breach by Bonanza be deemed to be a waiver by Surface Owner of its rights or remedies with respect to such breach; however, in no event will Bonanza be liable for additional payment for reasonably anticipated damages to the Lands caused by Bonanza's oil and gas operations, and in no event will Bonanza be liable for punitive or consequential damages.

13. Confidentiality. Except as necessary to carry out the provisions of this agreement, the parties agree to keep the terms of this agreement confidential and will not disclose such matters to any third party without the advance written consent of the other, or if ordered to do so in a legal proceeding. Nothing in section shall prevent the parties from disclosing such matters to their attorneys or financial advisors, nor prevent Bonanza from disclosing the existence or terms of this agreement to the COGCC, or other governmental agencies, to the extent necessary to timely obtain permits and/or approvals.

14. Payments. Bonanza agrees to pay Surface Owner, prior to drilling operations, the sum of \_\_\_\_\_ Dollars to be paid for the above referenced Well. Additionally, Bonanza agrees to pay Surface Owner, a one-time payment as liquidated damages, the sum of \_\_\_\_\_ dollars ( \_\_\_\_ . \_\_\_\_ ) per acre for damage to crops.

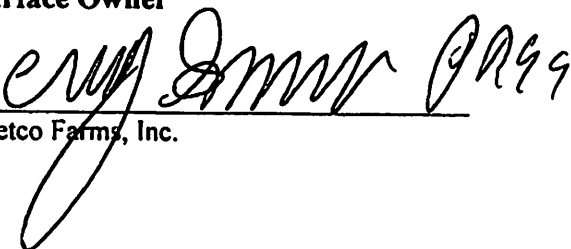
IN WITNESS WHEREOF, this instrument is executed as of the dates written below, but shall be effective as of January 1, 2013.

**Bonanza Creek Energy Operating Co., LLC.**

\_\_\_\_\_  
Kerry A. McCowen  
Vice President Rocky Mtn

\_\_\_\_\_  
Date

**Surface Owner**

  
\_\_\_\_\_  
Wetco Farms, Inc.

1-10-2013  
\_\_\_\_\_  
Date

State of \_\_\_\_\_

County of \_\_\_\_\_

This instrument was acknowledged before me this \_\_\_\_ day of January, 2013, by \_\_\_\_\_.

By commission expires \_\_\_\_\_

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

State of \_\_\_\_\_

County of \_\_\_\_\_

This instrument was acknowledged before me this \_\_\_\_ day of January, 2013, by \_\_\_\_\_.

By commission expires \_\_\_\_\_

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