

SURFACE DAMAGE AND USE AGREEMENT

Surface Owner, **Twenty Five Farm, LLC**, P.O. Box 1440, Berthoud, Colorado 80513 hereinafter referred to as "Owner" and **Extraction Oil & Gas, LLC**, 1888 Sherman, Suite 500, Denver, Colorado 80203, hereinafter referred to as "Operator", agree as follows:

1. **OWNER:** The Owner is the surface owner of those certain lands located in Weld County, Colorado, hereinafter sometimes called the "Subject Lands", more specifically described and depicted on Exhibits "A" and "A-1" attached hereto.
2. **OPERATOR:** The Operator represents that it owns or is the assignee of a valid oil and gas lease(s) covering portions of the Subject Lands.
3. **PAYMENTS:** In order to acquire the right to come upon the Owner's lands and conduct activities associated with the operation of each existing oil and gas well which shall include rights of ingress and egress over the Subject Lands using roads located on the Subject Lands, placement of associated facilities such as tank batteries, pipelines and utility lines, Operator agrees to Owner as follows

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*Additional payment will be required if an additional pad is built on the Subject Lands. The terms to be negotiated.

4. **ACCESS RIGHTS:**

All rights granted hereunder to the Operator shall be non-exclusive and the Operator is granted the non-exclusive use of a private road to be used by the Operator, its agents, servants, employees and successors in interest for ingress and egress across the lands of the Owner to each well location for so long as the Operator or his and/or its assignees have valid oil and gas leases on described lands.

- a. The Operator agrees, if requested by the Owner, to place appropriate signs on any roads designating them as private roads.
- b. The rights as granted to the Operator hereunder shall be utilized only in connection with the drilling and operation of oil and gas wells.
- c. The Owner shall have no responsibility for road maintenance.

- d. The use and construction of roads by Operator across the lands of Owner shall be a non-exclusive use and Owner shall have the continuing right to allow other parties to utilize said roads. The Operator shall have no authority or right or power to grant any rights of conveyance, easements or rights-of-way to any party other than employees, agents and contractors of the Operator, and then only for the drilling, operation, maintenance, repair, use and abandonment of the Operator's oil and gas wells, treaters, tanks, collection pipelines, meters and loading facilities on the subject property. The Owner agrees to notify the Operator prior to granting subsequent easements to third parties for access to or use of roads, locations and easements granted herein, such that the Operator may make proposals about sharing of maintenance and upkeep expenses, and the Owner further agrees to include in such subsequent easements requirements that the users under such subsequent easements shall have the obligation to contribute equitably to maintenance and upkeep of roads and easements and protect the interests of the Operator in its use of easements granted herein.
5. **SCOPE OF RIGHTS:** The compensation to be paid by the Operator to the Owner hereunder shall be for the right to cross the Owner's lands for the reasonable and customary entry, drilling and subsequent operations of the Operator, but do not include actual damages to crops, livestock, wildlife, buildings, improvements of any type, fences, or injury to persons or any other type of property.
6. **INSURANCE AND INDEMNITY:**
- a. The Operator shall defend, indemnify and hold the Owner harmless from any damage, injury, claim, judgment or other liability arising on account of any damage or injury to any person or property resulting from the use of the subject lands by the Operator, its employees, agents, representatives, contractors or assignees.
- b. The Operator, prior to the commencement of any activities upon the Owner's lands, shall provide the Owner with evidence, acceptable to the Owner, that the operator has sufficient liability insurance to fulfill its obligations under the foregoing indemnity provision.
7. **WEED AND TRASH CONTROL – RECLAMATION:**
- a. The Operator agrees to keep its roads and well sites free of weeds, debris and litter. Noxious weeds including, but not limited to, white top, thistle and leafy spurge, appearing within ten feet (10') of any roads, pipelines, well locations or other disturbed areas used by Operator shall be sprayed up to two times per year as requested by the Owner, using herbicides that are approved by the Owner.
- b. All well sites abandoned or determined to be a "dry hole" and applicable road thereto shall be restored by replacing top soil and recontoured to



original contours and reseeded with seed mixtures acceptable to the Owner. All erosion that occurs along roads, pipelines and locations used by the Operator shall be controlled and repaired by the Operator.

- c. "Above ground" dry hole markers shall be installed by the Operator when necessary unless otherwise agreed or required by law.
 - d. No trash or garbage dumps or storage areas for unused equipment, trash, or other materials shall be permitted. All cleanup and restoration activities shall be completed by the Operator within three (3) months after the election to abandon any such well or road, unless a longer period is required due to site or weather conditions, but in no event longer than nine (9) months after the election to abandon. When said restoration work is complete, the Operator shall contact the Owner and obtain the Owner's written approval of said restoration.
8. **IMPROVEMENTS:** The location of roads, pipelines and tank batteries shall be determined with the approval of the Owner prior to any such construction or entrance upon the Owner's lands, including the need for graveling, road repairs on existing roads, installation of culverts, cattle guards, fences and other such improvements. Operator agrees that it will stockpile any topsoil excavated and store it at a site on the Subject Lands as determined by Owner.

Operator shall consult with Owner as to implementing noise reduction measures and comply with any reasonable request of the Owner

9. **CONDITIONS:**

- a. No fences, cattle guards or other improvements of Owner shall be cut or damaged by Operator except with the prior written consent of Owner, provided that said consent shall not be unreasonably withheld upon commitment to replace or repair such improvements.
- b. No loose dogs, firearms, alcohol, drugs, hunting, fishing or the use of recreational vehicles of any type shall be allowed on the subject lands without the express written consent of the Owner, and Operator will notify all its contractors, agents, employees and representatives of this restriction. The Operator further agrees to comply with all reasonable rules and requests of the Owner regarding activities to be conducted on the Owner's lands.
- c. The rights as granted to the Operator hereunder shall terminate upon the termination of the oil and gas lease.

10. **WATER:**

- a. The Operator may import water onto the subject property for drilling.

11. **SALVAGE:** Operator agrees to give Owner with any pipe or rods salvaged from any of the wells drilled on the Subject Lands.
12. **INJECTION AND DISPOSAL:** The Operator shall not use any well on the Owner's lands for produced water disposal without first obtaining the proper consent.
13. **RIG STORAGE:** Within thirty (30) days of drilling activities, either prior to or subsequent to the drilling of a well, the Operator shall not have the right to store or permit the storage of the drilling rig and related equipment on the subject lands without the written consent of the Owner being first obtained.
14. **NOTICE::** Either party may give written notice to the other party with respect to any matter covered by this agreement at the following addresses:

OWNER: Twenty Five Farm, LLC
Phone: 970-222-4543

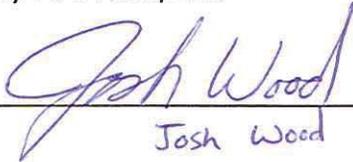
OPERATOR: Extraction Oil & Gas, LLC,
Attention: Matt Owens
Phone:303-825-2324 Fax: 303-629-9223

15. **RECORDING:** This agreement shall not be placed of record without the prior written consent of both parties, provided, however, that the parties may agree upon a form of notice of this agreement suitable for recording.
16. **DEFAULT:** In the event that the Owner or the Operator hereunder shall fail to comply with any of their rights, duties or obligations hereunder, the other party shall so notify the defaulting party in writing, and if said default is not corrected within ten (10) days after receipt of said notice, the non-defaulting party shall have the right to enforce the provisions of this agreement in law or in equity and have such other rights and remedies as may be provided to it under the laws of the State of Colorado. The defaulting party agrees that it shall be for all costs and expenses, including reasonable attorney's fees, incurred by the non-defaulting party as a result of said default.
17. **BINDING EFFECT:** The provisions hereof shall inure to the benefit of and shall be binding upon the parties hereto and their successor and assigns.
18. **TERM:** This agreement shall be in effect for long as the Operator or his and/or its assignees have valid oil and gas leases on described lands.

IN WITNESS WHEREOF, the parties have executed this agreement as of this 21st day of November, 2012.

OWNER:

Twenty Five Farm, LLC

By: 
Josh Wood

OPERATOR: Extraction Oil & Gas, LLC

By:  

Name: Mark A. Erickson

Title: Chief Executive Officer

EXHIBIT "A"

attached to and made a part of the Surface Use Agreement dated November 21, 2012, by and between Twenty Five Farm, LLC and Extraction Oil & Gas, LLC covering the following lands in Weld County, Colorado .

Township 6 North, Range 67 West

Section 13: SE/4 less and except Lot A of Recorded Exemption No. 0807-13-4-RE2370, being a portion of the N1/2 of the SE/4, according to the Plat recorded January 8, 1999 at Reception No. 2665705

END OF EXHIBIT "A"

A handwritten signature in blue ink, appearing to be the initials 'JW'.

EXHIBIT "A-1"

attached to and made a part of that certain Surface damage and Use Agreement between
Twenty Five Farm, LLC and Extraction Oil & Gas, LLC



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possible pad location; exact location to be negotiated by the parties

T6N, R67W, Sec. 13, Weld County, Colorado