

STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS
OTHER USE LEASE OF STATE TRUST LANDS

NO. 80204

THIS LEASE is entered into at Denver, Colorado, this 2nd day of May, 2014, by and between the State of Colorado, acting through its State Board of Land Commissioners ("Board"), whose address is 1127 Sherman Street, Room 300, Denver, CO 80203, and Bonanza Creek Energy Operating Company, LLC ("Lessee", whether one or more), as a Limited Liability Company, whose address is 410 17th Street, Suite 1400, Denver, CO 80127.

1. **DESCRIPTION OF THE PREMISES**

The Board leases to the Lessee and Lessee leases from the Board, exclusively for the purposes indicated below, the School trust lands, in the County of Weld, Colorado, described as follows (the "Premises"):

A parcel of land being a portion of Section Twenty-six (26), Township Five North (T.5N.), Range Sixty-three West (R.63W.) of the Sixth Principal Meridian (6th P.M.), County of Weld, State of Colorado, being more particularly described as follows:

COMMENCING at the East Quarter corner of said Section 26 and assuming the East line of the Northeast-quarter of said Section 26 as bearing South 00°12'08" West, being a grid bearing of the Colorado State Plane Coordinate System, North Zone, North American Datum 1983/2007, a distance of 2591.56 feet with all other bearings contained herein being relative thereto;

The lineal dimensions as contained herein are based upon the "U.S. Survey Foot."

THENCE South 89°28'46" West along the East-West center line of said Section 26 a distance of 1350.52 feet to the POINT OF BEGINNING;

THENCE South 00°00'00" East a distance of 640.41 feet;
THENCE North 90°00'00" West a distance of 424.89 feet;
THENCE North 00°00'00" West a distance of 503.46 feet;
THENCE North 45°50'37" West a distance of 1191.08 feet;
THENCE North 44°09'23" East a distance of 866.66 feet;
THENCE South 45°50'37" East a distance of 896.74 feet;
THENCE North 89°36'33" East a distance of 115.93 feet;
THENCE South 00°19'36" East a distance of 335.95 feet;
THENCE South 14°51'12" West a distance of 333.60 feet;
THENCE South 00°00'00" East a distance of 32.26 feet to the POINT OF BEGINNING.

Said parcel contains 30.99 Acres (1,349,821 sq. ft.) more or less (+/-), and is subject to any rights-of-way or other easements of record as now existing on said described parcel of land.

2. **CONDITION OF LEASED PREMISES**

Lessee represents that Lessee has had an opportunity to inspect the Premises prior to entering into this lease, and Lessee accepts the Premises in their present condition and acknowledges that the Premises are in all respects suitable for the purposes permitted. The Board disclaims any and all obligation to provide access to the Premises or to fence, make any repairs to or construct any improvements upon the Premises; and the Board does not warrant that the Premises are suitable for the permitted purposes.

3. **USE OF THE LEASED PREMISES**

The use of the Premises shall be limited to the construction, maintenance and operation of a water storage facility.

4. **LEASE TERM**

This lease is effective from the 2nd day of May 2014, for the term of ten (10) years, being until the 2nd day of May 2024, subject to the covenants and agreements herein.

5. **EXTENSION TERM**

This Lease includes a ten (10) year extension option that may be exercised by the lessee provided a notice of intent to enter into such extension is given in writing to the Board no later than one (1) year prior to the expiration of the initial lease term. The extension term shall require a bonus payment upon execution of the extension term document. The rental amount for the extension term shall

6. **RENTAL**

A bonus payment in the amount of _____ shall be submitted to the Board upon execution of the lease document. The rental amount for the ten year term shall be the sum of four hundred thousand and 00/100 dollars (\$400,000.00) and shall be payable in four equal installments as follows:

The first installment in the amount of _____ shall be due on June 1, 2015.
The second installment in the amount of _____ shall be due on June 1 2016.
The third installment in the amount of _____ shall be due on June 1 2017.
The fourth installment in the amount _____ shall be due on June 1 2018.

7. **INSURANCE**

The Lessee at its sole cost and expense, shall during the entire term hereof procure, pay for and keep in full force and effect the following types of insurance:

A. **Liability Insurance**

A comprehensive policy of public liability insurance covering the improvements and Premises insuring the Lessee in an amount that complies with the policy of the Board, currently one million dollars (\$1,000,000.00) protecting the Board and covering bodily injury, including death to persons, personal injury and property damage liability. Such coverage shall include, without limitation, legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Premises and shall name the Board as an additional or Co-insured.

B. **Other Risks**

In addition, the Lessee shall obtain insurance against such other risks of a similar or dissimilar nature, as the Board shall deem appropriate.

C. **General Provisions of Insurance Policies**

1. All policies of insurance carried by the Lessee shall name the Lessee as insured and shall name the Board as co-insured and a loss payee on the policy.
2. The policy shall contain a provision that it cannot be cancelled or materially altered either by the insured or the insurance company until thirty (30) days prior written notice thereof is given to the Lessee and the Board. The Lessee shall furnish a certified copy or duplicate original of such policies or renewal thereof with proof of premium payment to the Board.
3. No policy of insurance shall include a deductible clause in an amount greater than \$500 or 1% of the face amount of the policy.
4. Notwithstanding anything to the contrary contained herein, the Lessee's obligation to carry insurance as provided herein may be brought within the coverage of a "blanket" policy or policies of insurance carried and maintained by the Lessee, so long as such policy(s) segregates the amount of coverage applicable to the Premises.

8. **RESTORATION BOND**

The Lessee shall execute a bond (or other sureties as may be approved by the Board) at the time this lease is executed by the parties in the amount of _____. The bond shall guarantee restoration of the Premises to a native grassland condition or to such other conditions as may be approved by the Board. The bond shall consist of cash, bank certificate of deposit, or other sureties as may be approved by the Board. However, if the bond is other than cash, the bond must be in a form that will guarantee payment in cash to the Board upon receipt by any bank or insurance company of written demand by the Board, without further condition. Lessee shall commence restoration work not less than six months prior to the expiration of this lease. The Board shall return the bond to the lessee if and when it deems that the Premises have been restored to the required conditions.

9. **SURVEY**

The Lessee shall provide to the Board, within ninety (90) days of the date this lease was executed by the parties, a mylar and two copies of a current perimeter, boundary and improvement survey of the Premises prepared and certified by a professional land surveyor or engineer licensed in the State of Colorado, based on an actual monumented and pinned inspection, certified to the Board designating location of all improvements, driveways running adjacent to and across the Premises, easements running across the Premises and all easements appurtenant to the Premises. Such survey shall be in form and substance sufficient to meet the Board's survey standards. The survey shall include a metes and bounds legal description of the Premises, and shall be attached hereto and made part of this lease.

10. **CONSTRUCTION OF IMPROVEMENTS**

- A. No improvement shall be placed on the Premises by the Lessee without prior written authorization of the Board. Such written authorization shall not be unreasonably denied. Lessee shall provide any designs, construction plans or building specifications requested by the Board when the Board is considering authorization of improvements. Improvements placed upon the Premises by the Lessee with the Board's written authorization shall be referred to herein as "authorized improvements".
- B. Upon the termination of this lease, and provided Lessee is not then in breach of or in default under this lease, all authorized improvements shall, at the Lessee's option, either be:
 - C. removed by Lessee without damage to the Premises; or
 - D. sold by Lessee to a subsequent lessee.
- E. All authorized improvements not so removed or sold within sixty (60) days after termination of this lease shall be deemed abandoned and may, at the Board's option, be removed by the Board at the Lessee's expense, retained by the Board for use by subsequent lessees, or sold by

C. All authorized improvements not so removed or sold within sixty (60) days after termination of this lease shall be deemed abandoned and may, at the Board's option, be removed by the Board at the Lessee's expense, retained by the Board for use by subsequent lessees, or sold by the Board with all proceeds going to the Board. Lessee shall not be entitled to compensation for, or to sell or remove, any authorized improvements when the lease is terminated by the Board for violation by the Lessee of the lease provisions.

11. **NO PARTNERSHIP**

Nothing in this lease shall cause the Board in any way to be construed as a partner, a joint venturer or associated in any way with the Lessee in the operation of the Premises, or subject the Board to any obligation, loss, charge or expense connected with or arising from the operation or use of the Premises or any part thereof.

12. **MAINTENANCE AND REPAIR**

The Board shall have no duty of maintenance or repair with respect to the Premises or any improvements constructed thereon. The Lessee shall keep and maintain the Premises and improvements thereon in constant good order and repair in the same condition as when initially constructed, ordinary wear and tear excepted. All repairs made by the Lessee shall be at least equal in quality to the original improvements.

13. **DAMAGE OR DESTRUCTION**

In case of damage to or destruction of the Premises or any part thereof, by any cause whatever, the Lessee shall give or cause to be given to the Board prompt notice of such occurrence and shall promptly proceed with due diligence to repair, restore, replace or rebuild so as to make the Premises at least equal in quality to the original improvements, or restore the same to such modified plans as shall be previously approved in writing by the Board.

14. **TAXES, UTILITIES AND OTHER EXPENSES**

It is understood and agreed that this lease shall be a net lease with respect to the Board, and that all taxes, assessments, insurance, utilities and other operating costs including those which could otherwise result in a lien being placed against the Premises as well as the cost of all repairs, remodeling, renovations, alterations, and improvements, and all other direct costs, charges and expenses of any kind whatsoever respecting the Premises shall be borne by the Lessee and not by the Board so that the rental return to the Board shall not be reduced, offset or diminished directly or indirectly by any cost or charge, nor subject to suspension or termination for any cause.

15. **INSPECTION RIGHTS**

The Board or its authorized representatives may from time to time, at any reasonable hour, and with reasonable advance notice, enter upon and inspect the Premises, or any portion thereof or improvements thereon to ascertain and secure compliance with this lease, but without obligation to do so or liability therefor. Lessee hereby grants to the Board a non-revocable license for such access over and across Lessee's other lands during the term of this lease, insofar as such rights may be granted by Lessee.

16. **LIABILITY AND INDEMNITY**

- A. The Board shall not be liable to the Lessee, its agents, employees, invitees, patrons or any other person whomsoever, for injury to or death of any person or damage to or loss of property in, upon or adjacent to the Premises or other property contiguous or appurtenant thereto, which may arise during the Lessee's development, use or occupancy of the Premises or by any person so doing through or under the Lessee or with its permission, express or implied. The Lessee further waives any claim against the Board regarding the Board's approval or disapproval of any plans or specifications whether or not defective.
- B. The Lessee agrees to indemnify the Board, to the extent allowed by law, and save it harmless against and from any and all claims by or on behalf of any person(s), firm(s), corporation(s) arising from the conduct or management of or from any work or thing whatsoever done on or about the Premises and to indemnify and save the Board harmless against and from any and all claims arising during the term hereof from: (i) any breach or default on the part of the Lessee hereunder; and (iii) any act or omission of the Lessee or any of its agents, contractors, servants, assignees, employees, invitees or licensees, on or about the Premises or other property contiguous or appurtenant to the Premises, including all costs, attorneys fees, expenses and liabilities incurred in or about any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against the Board by reason of any such claim or upon notice from the Board, the Lessee covenants to promptly effect the dismissal thereof or to diligently resist and defend such action or proceeding by counsel satisfactory to the Board, at the sole cost and expense of the Lessee.

17. **RESERVATIONS TO THE BOARD**

This lease is subject to any and all presently existing easements, rights-of-way and other interests, whether or not visible on the ground; and, in addition to its reversion upon termination of this lease, the Board hereby reserves:

- A. The right to sell, exchange, or otherwise dispose of all or any portion of the Premises during the term of this lease, provided however that this Lease is binding upon the successor in such sale, exchange or disposal, unless this Lease is cancelled under Section 17B or Section 17C.
- B. The right to cancel this lease as to all or any portion of the Premises, upon one hundred eighty (180) days' prior written notice to the Lessee, if the Board elects to sell, exchange, otherwise dispose of, or otherwise lease all or any portion of the Premises free and clear of this lease, refunding to Lessee the unearned portion of the prepaid rental amounts.

The right to lease all or any portion of the premises to other persons for the purposes of exploring for and removing timber, minerals, ores, metals, coal, asphaltum, oil, gas, sand, gravel, clay, quarry products, peat, geothermal resources, and all other naturally occurring resources, together with reasonable and adequate rights of entry and surface rights necessary or convenient to exercise such reserved rights, including but not limited to the right, upon one hundred eighty (180) days' prior written notice to the Lessee, to cancel this lease as to all or any portion of the Premises, refunding to Lessee the unearned portion of the prepaid rental amounts.

- C. All water, water rights, ditch rights, water stock and/or ditch stock appurtenant to or used in connection with the Premises including wells, rights in ditch, water in canal organizations or companies. All such uses shall be and remain the property of the Board. The Lessee may not explore, drill, or establish any water use right or well without written permission of the Board. If the Lessee establishes or adjudicates any water right or use on the Premises, it shall be in the name of the Board.

- D. The right to administrative access to the Premises under Section 16 above.
- E. The right at any time to grant any right-of-way or easement upon, over or across all or any portion of the Premises, so long as such grant does not interfere with Lessee's operations on the Premises. If and when such right-of-way or easement is granted, the Lessee shall be compensated by the grantee for any damages to Lessee's personal property and leasehold improvements.
- F. All rights, privileges and uses of every kind or nature not specifically granted to Lessee by this lease.

18. **ASSIGNMENTS, SUBLEASING AND ENCUMBRANCES**

This lease shall be binding on the parties hereto, their heirs, representatives, successors and permitted assigns.

- A. Lessee, with written consent of Lessor, shall have the right to assign the leasehold interest in whole or in part. Lessor shall require payment of a reasonable assignment fee to cover review and processing expenses in an amount to be determined by Lessor.
- B. If any assignment of a portion of the leased Premises shall be approved, a new lease shall be issued to the assignee covering the assigned land, containing the same terms and conditions as this lease. An assignment shall not extend the term of this lease. Lessor's approval of an assignment shall not release Lessee from any liability for known or unknown waste or damage to the leased Premises during Lessee's use or occupancy of the leased Premises and from any liability for violations of this lease or of rules and regulations of the Commission during Lessee's use or occupancy of the leased Premises.
- C. Lessee shall notify Lessor of all assignments of undivided percentage or other interests including, without limitation, assignments of operating rights. Said interests will not be recognized or approved by Lessor, and the effect of any such assignments will be strictly and only between the parties thereto, and outside the terms of this lease. No dispute between parties to any such assignment shall operate to relieve Lessee from performance of any terms or conditions or to postpone any time requirements. However, if Lessee assigns 100 percent of said interest in this manner, a leasehold assignment must be received and approved by Lessor to assure that a leasehold interest is maintained by the record Lessee. Lessor shall at all times be entitled to look solely to Lessee or his assignee shown on Lessor's books as being the sole owner hereof, and for the sending of all notices required by this lease and for the performance of all terms and conditions hereof.

19. **DEFAULTS AND REMEDIES**

A. **Defaults**

The occurrences of any one or more of the following events shall constitute a default hereunder by the Lessee:

1. Failure by the Lessee to make any payment of rental or other payment of additional rental or charge required to be made by the Lessee hereunder, as and when due.
2. Use of the Premises by the Lessee, its successors and assigns or attempted use of the Premises for any other purpose than those permitted by this lease without the written consent of the Board.
3. Failure by the Lessee to perform any of the covenants, conditions or requirements contained herein. Provided further that if the nature of the Lessee's default is such that more than thirty (30) days are reasonably required to cure such default then the Lessee shall not be deemed to be in default if the Lessee shall commence such cure within said thirty (30) day period and thereafter diligently pursue such cure to completion.

Any of the above events of default may be cured by the Lessee within thirty (30) days after written notice thereof from the Board to the Lessee in accordance with the "Miscellaneous, Notices" section of this lease.

B. **Remedies**

In any event of default, and in addition to any or all other rights or remedies of the Board hereunder or by the law provided, the Board may exercise the following remedies at its sole option:

1. **Termination**. Terminate the Lessee's right to possession of the Premises by any lawful means, in which case this lease shall terminate and the Lessee shall immediately surrender possession of the Premises to the Board according to the terms of the "Surrender" section of this lease. In such event of termination the Board shall be entitled to recover from the Lessee:
 - a. The unpaid rental, taxes and damages which have accrued up until the time of termination together with interest; and
 - b. Any other amount necessary to compensate the Board for the Lessee's failure to perform its obligations under this lease or which would be likely to result therefrom, including, but not limited to, the cost of recovering possession of the Premises, expenses of reletting, including necessary repair, renovation and alteration of the Premises, reasonable attorneys fees, and any other reasonable costs.
 - c. The interest shall be one and one-half percent (1-1/2%) per month. Said interest shall accrue from the dates such amounts accrued to the Board until paid by the Lessee.
2. **Rental During Unlawful Detainer**. In any action for unlawful detainer commenced by the Board against the Lessee by reason of any default hereunder, the reasonable rental value of the Premises for the period of the unlawful detainer shall be two (2) times the current rental and other charges or payments to be made by the Lessee under this lease for such period.
3. **Cumulative Rights**. The rights and remedies reserved to the Board, including those not specifically described, shall be cumulative, and the Board may pursue any or all of such rights and remedies, at the same time or separately.

20. SURRENDER

- A. Upon expiration or termination of this lease, the Lessee shall peaceably and quietly leave, and surrender possession of the Premises to the Board, and at its own expense shall promptly and diligently within one hundred eighty (180) days remove, demolish and/or clear off from the Premises all improvements and personal property and restore the surface to its original condition. Any improvements and personal property remaining after one hundred eighty (180) days shall, at the option of the Board, become the property of the Board.
- B. Notwithstanding any provisions to the contrary, the Lessee shall have no right to remove, alter or demolish all or part of the Lessee's improvements at anytime the Lessee is in default or breach of any term, provision or covenant of this lease.

21. HAZARDOUS SUBSTANCES

- A. The Lessee shall not place, store, use or dispose on the Premises, temporarily or permanently, any substance that is hazardous, toxic, dangerous or harmful or which is defined as a hazardous substance by the Comprehensive Environmental Response Compensation and Liability Act, 42USC9601. These substances shall be referred to collectively as "hazardous substances".
- B. The Lessee is also prohibited from storing any gasoline or other fuel on the Premises without the Board's prior written permission.
- C. The Lessee shall immediately notify the Board of all spills, releases, inspections, correspondence, orders, citations, notices, fines, response and/or cleanup actions, and violation of laws, regulation or ordinance which effect the Premises.

22. CONDEMNATION

- A. If all of the Premises are taken by any public authority under the power of eminent domain, this lease shall terminate as of the date possession was taken by said public authority pursuant to such condemnation. If part of the Premises is taken and, in the opinion of either the Board or the Lessee, it is not economically feasible to continue this lease, either party may terminate this lease.
- B. Such termination by either party shall be made by notice to the other party given not later than thirty (30) days after possession is so taken. If part of the Premises is taken and neither the Board nor the Lessee elects to terminate this lease the payment due under this lease shall be abated in the same proportion as the portion of the Premises so taken bears to the whole of the Premises.
- C. All damages awarded for the taking or damaging of all or any part of the Premises, or Board-owned improvements thereon, shall belong to and become the property of the Board, and the Lessee hereby disclaims and assigns to the Board any and all claims to such award. The Board shall not claim any interest in any authorized improvements.
- D. If the temporary use (defined as less than one year) of the whole or any part of the Premises shall be taken at any time during the term of this lease, the Lessee shall give prompt notice thereof to the Board; however, the term, rentals and other obligations of the Lessee under this lease shall not be reduced or affected in any way. The Lessee shall be entitled to compensation as determined by applicable law for any such temporary taking of the Premises.

23. LIENS AND CLAIMS

A. Mechanics' Liens

- 1. The Lessee shall not suffer or permit to be enforced against the Premises, or any part thereof, or any improvements thereon, any mechanics', materialmen's, contractors', or subcontractors' liens arising from, or any claim for damage growing out of the work of any construction, repair, restoration, replacement or improvement, or any other claim or demand howsoever the same may arise, but the Lessee shall pay or cause to be paid all of said liens, claims, or demands before any action is brought to enforce the same against the Premises or improvements.
- 2. The Lessee agrees to defend, indemnify and hold the Board and the Premises free and harmless from all liability for any and all such liens, claims, demands, and actions (collectively, the "liens") together with reasonable attorneys fees and all costs and expenses in connection herewith.

B. Rights to Contest

Notwithstanding the foregoing, if the Lessee shall in good faith contest the validity of any such lien, then the Lessee shall at its sole expense defend itself and the Board against the same and shall pay and satisfy any adverse expense or cost or adverse judgment that may be rendered thereon before the enforcement thereof against the Board or the Premises, upon the condition that if the Board shall require, the Lessee shall furnish a surety bond satisfactory in form and amount to the Board. Said bond shall not be less than one hundred twenty percent (120%) of such contested lien indemnifying the Board against liability for the same, and holding the Premises free from the effect of such lien.

C. Posted Notice

The Lessee shall, upon execution of this lease at its cost, prepare a Notice, pursuant to CRS §38-22-105, and cause the same to be posted for the purpose of protecting the Board against any liens or encumbrances upon the Premises by reason of work, labor, services or materials contracted for or supplied to the Lessee.

24. MISCELLANEOUS

A. False Statements

Any false certification or statement by the Lessee in the application, public disclosure statement or qualification of financial responsibility statement required to be submitted with the application for the lease, or in any other document or report required to be submitted under this lease, shall at the discretion of the Board, result in termination of this lease and an action for damages.

B. Lease Document Controls

In the event of inconsistency or conflict between this lease and documents incorporated herein by reference, this lease agreement shall control.

C. Compliance With Laws

The Lessee shall comply with all applicable federal, state and local ordinances, regulations and laws regarding the Premises and activities conducted thereon or by virtue thereof. Furthermore the Lessee shall not use or permit the Premises to be used in violation of any such rule, regulation or law or for any purpose tending to damage or harm the Premises or improvements thereon or adjacent thereto, or the image or attractiveness thereof, or for any improper, offensive or immoral use or purpose, or in any manner which shall constitute waste, nuisance or public annoyance.

D. Lessee's Authority

If the Lessee is an entity other than an individual, each individual executing this lease on behalf of said entity represents and warrants that he or she is duly authorized to execute and deliver this lease on behalf of said entity and that this lease is binding upon said entity in accordance with its terms. The Lessee shall deliver a certified copy of the appropriate document evidencing authorization for such execution.

E. Entire Agreement

This lease and all documents incorporated herein by reference represent the entire agreement between the parties hereto. No oral agreement or implied covenant shall be held to vary the provisions hereof.

F. Amendments

This lease shall not be amended or ratified except by written document executed by the parties hereto.

G. Certain Rules of Construction

Time is of the essence in the performance of this lease. Unless the context clearly implies otherwise, each and every act to be performed or obligation to be fulfilled by the Lessee under this lease shall be performed or fulfilled at the Lessee's sole cost and expense.

H. Governing Law and Venue

This lease shall be governed by and construed in accordance with the laws of the State of Colorado and Venue shall be in the City and County of Denver.

I. Notices

Every notice, demand, request, designation, consent, approval or other document or instrument required or permitted to be served hereunder shall be in writing, shall be deemed to have been duly served on the day of receipt and shall be sent by registered or certified United States mail, postage prepaid, return receipt requested, as addressed to the parties hereto. The parties may change the place for serving of such papers on it, or provide for the delivery of not more than two (2) additional copies, by giving the other party at least ten (10) days prior written notice to such effect.

J. Severability

If for any reason provisions of this lease or the application thereof to any person or circumstances, shall to any extent, be deemed invalid or unenforceable, the remainder of this lease shall not necessarily be affected thereby and each provision of the lease shall be valid and enforceable to the fullest extent permitted by law.

K. Costs of Suit: Attorneys Fees

In the event that the Board shall, without fault on the Board's part, be made party to any litigation instituted by the Lessee or by any third party against the Lessee, or by or against any person holding under or using the Premises by license of the Lessee, or for the foreclosure of any lien for labor or material furnished to or for the Lessee or any such other person or otherwise arising out of or resulting from any action or transaction of the Lessee or of any such other person, the Lessee hereby indemnifies and holds the Board harmless from and against any judgment rendered against the Board or the improvements or any part thereof, and all costs and expenses, including reasonable attorneys fees, incurred by the Board in or in connection with such litigation.

25. HOLDING OVER

If Lessee remains in possession of the Premises after the termination of this lease (by expiration or otherwise) Lessee shall be liable for rental during such holdover possession. The rental shall not be less than the rate agreed upon in this lease, and the Board may fix a new rate which shall be paid by the Lessee during continued occupancy. At the Board's option, the Lessee shall be construed to be in possession of the Premises and to be occupying the same so long as the Premises are used in any way to any extent by Lessee, or so long as any of his authorized or unauthorized improvements remain on the Premises. Continued occupancy shall not establish a new or extended lease term or other right, no matter how long maintained and regardless of the Board's knowledge thereof.

26. BOARD'S AUTHORITY

This lease is entered into pursuant to the authority granted to the Board by Colorado law.

27. ADDITIONAL CONDITIONS

Additional conditions, if any, are set forth on an attached rider(s), and made a part hereof.

IN WITNESS WHEREOF, the Board and the Lessee, by their signatures below, agree to the terms of this lease:

Lessee: 
Signature

Kerry McCowen
Printed Name

individually and as Vice President Rocky Mountain Operations
Position

of

Bonanza Creek Energy Operating Company, LLC
Entity

STATE OF COLORADO BY THE
STATE BOARD OF LAND COMMISSIONERS


By: Matthew A. Pollart-North Central District Manager