

**EASEMENT, RIGHT-OF-WAY, AND SURFACE DAMAGE AGREEMENT**

This Easement, Right-of-Way and Surface Damage Agreement ("**Agreement**") is made and entered into this 13<sup>TH</sup> day of JANUARY, 2015, by and between Jamie Bybee ("**Owner**"), whose address is **10114 Wyandott Circle North, Thornton , Colorado 80260, and Extraction Oil & Gas, LLC a Delaware limited liability company ("**Operator**")**, with offices at **1888 Sherman Street, Suite 200, Denver, CO 80203** sometimes referred to each as a "**Party**," or collectively as the "**Parties**."

WITNESSETH:

**WHEREAS**, Owner is the fee owner of the Lands (as hereafter defined in Section 1 below), and Owner intends to expressly reserve the full enjoyment and use of the Lands and all rights with respect to the surface and subsurface thereof for any and all purposes except the non-exclusive rights expressly granted herein and in the Owner's Lease (hereafter defined) and then only to the extent expressly granted to Operator hereby or in the Owner's Lease, and further the Owner wishes to preserve the Lands for its current and contemplated uses (collectively, the "**Intended Uses**"), including, without limitation, equestrian, agricultural and/or residential use, and to use any road constructed by Operator related to the Owner's ownership of and operations on the Lands; and

**WHEREAS**, Owner's overall objective is to preserve the Lands, vistas and maintain the Lands primarily for the Intended Uses and those uses as may be contemplated in the future by Owner or its successors in interest that do not unreasonably interfere with oil and gas development of the Lands and Leases; and

**WHEREAS**, Owner and Operator desire to enter into an agreement to provide for the efficient development of the oil and gas resources held by the Owner's Lease without undue delay and burden and agree that avoidance of such undue delay in oil and gas development is a principal inducement for Owner and Operator to enter into this Agreement; and

**WHEREAS**, the Parties intend by this Agreement to define and assign responsibilities with regard to the activities discussed herein associated with the Operator's exploration, capture, development, production, storage and transportation of oil, gas, and associated hydrocarbons pursuant to the Leases on and across the portion of the Lands defined herein as the Surface Use Area; and

**WHEREAS**, Owner and Operator desire to enter into an agreement which will govern Operator's use of the Surface Use Area (as hereafter defined) for the purpose of Operator's exploration for, development and production of oil, gas and associated hydrocarbons that may be discovered pursuant to the Owner's Lease in a fashion which will preserve the Intended Uses of the Lands while allowing for the Operator's reasonable and efficient production of oil and/or gas held by the Owner's Lease.

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, the Parties agree as follows:

1. **OWNERSHIP**. Owner is the surface owner of certain lands located in Weld County, Colorado as more specifically described as follows ("**Lands**"):

**Township 2 North, Range 68 West of the 6<sup>th</sup> P.M.**

**Section 14: N/2 of the SE/4, more particularly described as Lot A in the Hepp Farm Subdivision, Amendment dated May 12, 2014 and recorded at Reception No. 4015549 of the records of Weld County, Colorado, containing 76.856 acres more or less. (Parcel no. 131314405001).**

Operator, and/or its affiliates, owns a working interest in valid leases covering all or portions of the Lands or lands pooled or included in a spacing unit therewith (each a "Lease," collectively, the "Leases"), including that certain Oil and Gas Lease by and between Carl A. Miller (as lessor) and Martin J. Freedman (as lessee), dated 8-21-1970, and recorded on 9-14-1970 in the real property records of Weld County, State of Colorado at reception no. 1554539 (the "Owner's Lease").

**2. OPERATOR'S OIL AND GAS OPERATIONS ON THE LANDS; GRANT OF EASEMENT; GRANT OF TEMPORARY LICENSE.** Operator desires to drill or cause to be drilled eight (8) oil and/or gas wells on its Leases (the "Wells") within the Surface Use Area and the subsurface locations of which may be under other lands than Owner's Lands. In order for Operator to drill, construct, complete, develop, produce, maintain, rework, and operate the Wells and the permitted Facilities associated therewith, including, but not limited to, an access road ("Access Road") as shown on Exhibit "A", pipelines, flowlines, temporary above ground water lines and large volume storage tanks, temporary above ground completion fluid pipelines, separators, tank batteries, electrical lines and any other facilities or property necessary for Operator to conduct operations on the Wells (each a "Facility," collectively, the "Facilities"), it is necessary that Operator enter and utilize a portion of the surface of the Lands.

Owner acknowledges and understands that Operator, as owner or lessee of the oil and gas estate for the Lands, owns an implied easement and right-of-way (subject to applicable laws and statutes of the State of Colorado, and rules and regulations duly promulgated by the Colorado Oil & Gas Conservation Commission ["**COGCC**"]) that burdens the Lands. Operator, its successors and permitted assigns, and each of their agents, employees, contractors and subcontractors, may exercise the right, privilege and easement for the purpose of locating and surveying the Facilities, and for constructing, entrenching, operating, maintaining, repairing, altering, replacing and removing the Facilities and appurtenant facilities, for the purposes specified herein, and including the rights of ingress to and egress from the Facilities across the Lands.

B. EASEMENT. Owner grants Operator a non-exclusive easement ("Easement") on, under, and over the area of the Lands of approximate 4.240 acres in size legally described and depicted on Exhibit "A", attached hereto and incorporated herein by this reference (the "**Surface Use Area**"). The Parties agree that the Surface Use Area is maximum surface acreage to be utilized by Operator, and not the area subject to final reclamation under the terms of this Agreement and the rules and regulations of the COGCC. All surface activity associated with the Operator's rights under the Leases, including its right to drill oil and gas wells on the Lands that may be horizontal, vertical, or directional that produce and drain oil, gas and associated hydrocarbons from lands other than the Lands, and to locate, construct, use, and maintain access roads, surface equipment, including but not limited to flowlines, compressors, wellheads, and all associated production equipment and Facilities, related to transportation of oil and natural gas produced from lands other than the Owner's Lands that are covered by leases or other lands pooled with the Lands, shall take place and be located within the Surface Use Area as described on Exhibit A. The Easement does not include or confer a right to access or occupy any portion of the surface of the Lands other than the Surface Use Area.

Owner further grants Operator a subsurface easement through the Lands for the purpose of drilling oil and gas wells that may be horizontal, vertical, or directional that produce and drain oil, gas and associated hydrocarbons from lands other than the Owner's Lands covered by the oil and gas leaseholds or other operating rights under neighboring lands (as may be authorized by the applicable third parties).

The Parties enter into this Agreement to evidence their entire agreement regarding the payment of surface damages, entry, surface use, and any other matters relating to Operator's use of the Surface Use Area.

C. **Temporary License.** Owner hereby grants to Operator a non-exclusive temporary license (the "**License**") to enter upon a portion of the Lands that is immediately adjacent to and adjoining the Surface Use Area, the location and dimensions of which are described and depicted on Exhibit "A" as the license area (the "**License Area**"). Following the completion of Operator's initial drilling and completion activities and the installation of associated permanent Wells and Facilities permitted hereunder, the License granted to Operator hereunder and any rights to the License Area shall terminate. Termination and reversion of the License Area shall occur:

(i) Upon the sooner to occur of (1) the date that is five (5) years following commencement of Operator's drilling activities and operations permitted hereunder, or (2) the completion of Operator's initial drilling and completion activities and the installation of associated permanent Wells and Facilities permitted hereunder, and the actual easement area granted to Operator hereunder (i.e., the Surface Use Area) shall be reduced and limited to the minimum area that is reasonably necessary in order to permit the Operator to conduct its permanent activities as permitted hereunder.

(ii) Following the occurrences set forth in (i) immediately above, all rights, title and interest with respect to the Surface Use Area (excluding such portion of the Easement and Surface Use Area that is reasonably necessary in order to permit the Operator to conduct its permanent activities as permitted hereunder) shall revert to the exclusive control of Owner. Notwithstanding anything to the contrary contained herein, no portion of the Operator's operations or permanent facilities permitted hereunder shall be located within the 100-year floodplain.

D. The Parties hereby acknowledge that on or about even date herewith, the Parties have entered into a separate Side Letter Agreement regarding the terms and provisions governing Operator's payment of fees for the use of the Surface Use Area and the License Area on the Lands, which payment obligations are in addition to the terms, covenants, and provisions agreed to by the Parties herein. The Parties further acknowledge and agree that notwithstanding the execution, delivery and recording of this Agreement, Operator's rights hereunder are expressly conditioned upon Operator's complete and timely satisfaction of its obligations under the Side Letter Agreement, including, without limitation, payment in full of the Surface Use Fee to Owner as set forth in the Side Letter Agreement.

3. **LOCATION.** The locations of the Wells, the Access Road to the Well sites and the Facilities to be constructed on the Lands shall be as set forth on Exhibit "A". Material changes to the designated operating areas may only be made by Operator with the prior written consent of Owner, which shall not be unreasonably withheld, but will not unduly interfere with Owner's Intended Uses. It is also understood and agreed that additional temporary access roads and flowlines located outside of the designated Surface Use Area may be necessary for operator's activities and in these circumstances Operator agrees that the location for said access roads and flowlines shall be subject to consultation with, and the prior written consent of Owner, which shall not be unreasonably withheld, but will not unduly interfere with the Intended Uses. Notwithstanding anything to the contrary contained herein, Operator agrees not to use any more of the surface of the Lands than is reasonably necessary to conduct its permitted operations. Operator shall notify Owner at least 30 days before commencing any drilling, construction, relocation, replacement, reworking, fracking or refracking, recompletion, deepening, or redrilling, expansion or other material alteration or improvement to the Wells and Facilities permitted hereunder.

Owner reserves the right to use the access roads and the right to grant successive easements on or across the Lands on such terms and conditions as Owner deems necessary or advisable; subject, however, to the rights granted to Operator hereunder and notice provided to Operator of any grant of a successive easement or easements. Any access or use rights granted to any third parties after the effective date of this Agreement shall not unreasonably interfere with Operator's exercise of its rights and responsibilities as provided herein.

4. **CONDUCT OF OPERATIONS.** Operator's operations on the Lands, including the Surface Use Area and the License Area, will be conducted pursuant to the terms of the Lease, this Agreement, the rules and regulations of the COGCC, applicable Colorado statutes and case law, and all applicable local and federal laws, ordinances, codes, rules and regulations.

Operator shall not dispose of any waste (including any waste covered by any Environmental Law, defined below) on, under or in the Surface Use Area or the Lands. Operator shall remove all of its waste from the Surface Use Area. No debris, including but not limited to trash and equipment, will be located outside of the Surface Use Area. Operator shall be responsible for any and all debris or trash that is on the Surface Use Area or Lands and shall promptly remove same.

5. **ADDITIONAL SURFACE USE PROVISIONS, ACCESS ROADS, FENCES AND FACILITIES.** With respect to its operations on the Lands, Operator will comply with the following provisions:

A. Access Road:

(i) In addition to the Easement granted to the Operator over the Surface Use Area, Owner hereby grants to Operator the non-exclusive right to install and maintain the Access Road as generally depicted on Exhibit "A" (the "Road Easement Area"), which grant of the Road Easement shall be subject to (i) all pre-existing rights of any third parties to all or any portion of the Road Easement as disclosed by Owner to Operator or shown in the public records, and (ii) all of the covenants, terms, conditions and requirements of this Agreement. The Parties will work in good faith to determine the final location of the Road Easement Area, which final location shall be mutually and reasonably agreeable to both Owner and Operator, and shall, to the extent possible, be located along the northerly and easterly property lines of the Lands. Operator may construct one new all weather road in, over, across and through Road Easement Area at its sole cost and expense. The Access Road constructed upon the Road Easement Area shall be constructed and will thereafter maintain the Access Road in good repair and condition. Furthermore, the surface of the Access Road shall not exceed thirty feet (30') in width for traveled surface and shall be constructed with a two percent (2%) crown from the center of the road to the shoulder to promote positive drainage. Where requested by Owner, Operator shall install side ditches along roads to transport runoff to appropriate drainage structures. If requested by Owner, access to the Road Easement Area from any public road shall be controlled by a metal, hinged gate in addition to a cattle guard, which gate Operator shall construct and install in accordance with the reasonable specifications of Owner at Operator's expense. Operator agrees, if requested by Owner, to place an appropriate sign or signs on Owner's roads designating them as "Private Roads, No Trespassing or Hunting" and to assist Owner in the control of the use of such roads by unauthorized users. Operator shall employ best management practices to suppress dust from all roads installed or utilized by Operator pursuant to this Agreement. Operator and its employees and authorized agents shall not disturb, use or travel on any of the land of Owner not subject to this Agreement without Owner's consent. If feasible, all collecting

lines, pipelines, flowlines and power lines outside of the Surface Use Area to be installed by Operator shall be located within the Road Easement Area.

B. **Surface Restoration:**

Upon permanent cessation of Operator's operations on the Lands, all areas thereof occupied or utilized by Operator will be restored by Operator to their original contour as nearly as is reasonably practicable. Any surface disturbed by Operator's activities shall be reseeded with native grasses and all noxious weeds eliminated. Reclamation upon completion of any Wells shall happen as soon as reasonably practicable, but no later than six months after said completion activities. In addition, Operator shall comply with all requirements in accordance with the prescribed rules and regulations of the COGCC.

C. **Construction of Flow Lines.**

(i) If feasible, the flow lines are not to exceed 3 inches in diameter.

(ii) Operator shall provide Owner with a map or as-built drawing showing the surface location of all flow lines, transmission lines, and power lines after their installation. All flow lines located by Operator on the Surface Use Area shall be buried to a depth of at least four (4) feet below the surface. Operator shall install metal locator strips above all lines installed.

(iii) **Power Lines.** Except as otherwise provided, or as otherwise agreed to by Owner, in writing, all power transmission lines built by Operator will be buried below plow depth and or constructed so as to cause the least possible interference with Owner's existing or future Intended Uses or operations. Existing power lines need not be relocated, but shall not be disturbed by the Operator. All power lines located by Operator on the Surface Use Area shall be buried as set forth above and Operator shall mark the locations of all lines installed.

D. **Wells and Tank Batteries.**

(i) As generally depicted on the attached Exhibit 1-2 map, Operator shall be entitled to one well site with up to eight (8) wellheads within the Surface Use Area (i.e., the Wells). Operator shall be entitled to one tank battery site(s) with a maximum of twenty four (24) tanks within the Surface Use Area..

(ii) **Well Site.** The Well site locations shall be situated as set forth on Exhibit "A".

E. **Other:**

(i) Operator will install culverts on the Lands that may be necessary to maintain present drainage and irrigation otherwise affected by its operations on the Lands.

(ii) If by reason of the activities of the Operator, including, but not limited to, drilling, completing, equipping, and operating of the Wells, there is damage to personal property of the Owner, including, but not limited to, irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation systems, and for which Owner has not been previously compensated pursuant to Paragraph 5, Operator will repair or replace such items after consultation with and to the reasonable satisfaction of the Owner. Owner will notify Operator of any items damaged after the Wells construction and Operator will repair or replace such items after consultation with the Owner within 15 days of occurrence.

(iii) Operator agrees that all trash, refuse pipe, equipment, liquids, chemicals, or other materials brought on the Lands that are not necessary for continued operations of the Wells will be removed and disposed away from the Lands no later than 60 days after the completion of the Wells. No such items will be burned or buried on the Lands.

(iv) During drilling operations the well sites and any pits may be fenced if determined necessary by Operator. After completion of the Wells and in the event of production, all production tanks shall be bermed.

(v) All guy line anchors for drilling and completion rigs shall be immediately removed after such work is completed.

(vi) Operator shall construct stock-tight fences around any dangerous area, including any pits where Operator drills wells. Operator shall construct permanent fencing around all completed wellheads, tanks and other surface facilities. Maintenance around Operator's surface facilities shall be the responsibility of Operator. Operator shall reasonably repair and/or replace any and all damage done to any fences or gates, or any other improvements of Owner, which result from Operator's operations of the Lands and Surface Use Area. All fences shall be repaired in a manner consistent with surrounding fences and reasonable and customary ranching practices. No existing fences, cattle guards, or other improvements shall be cut or damaged by Operator without the consent of Owner, which consent shall not be unreasonably withheld.

(vii) Operator shall take reasonable steps to prevent fire and to promptly extinguish fire.

(viii) Operator shall keep the Surface Use Area safe and in good order, including without limitation control of noxious weeds, litter and debris.

(ix) Operator's equipment, including vehicles and trailers, shall not be stacked or stored or maintained on the Surface Use Area nor shall employees be housed on any of the Surface Use Area without the express written consent of Owner and additional compensation paid for such storage and/or housing. However, rigs may be stacked on the drill site for not more than thirty (30) days unless weather mechanical reasons, or other reason outside of the control of the Operator reasonably prevent such removal.

(x) Operator shall not disturb, interfere with, fill, or block any ditch, canal, creek, drainage corridor, drainage, reservoir, spring, or other source of water on or across Owner's Lands. Operator shall take all measures necessary to prevent pollutants from entering storm drains or watercourses. Operator shall be responsible for complying with the rules and regulations applicable to the removal and/or disposal of waters produced by its operations as established by the State of Colorado and other applicable authorities, and the Operator agrees to indemnify, defend and hold Owner harmless from any claims,

demand, judgment or liability arising as a result of damages to persons or property caused by or in connection with the removal or utilization of said water. Nothing in this paragraph shall be interpreted to allow Operator to discharge produced water on the Surface Use Area or the Lands, including any leased lands. Nothing herein permits Operator to use free of cost produced water or other water from the Surface Use Area or Lands. In the event that Operator seeks to use said water, Operator shall negotiate with Owner a fair and reasonable price and location. Surface discharge of produced water, including but not limited to evaporation pits, will not be allowed on the Lands. Operator shall be responsible for piping water off the Lands or re-injecting such water into an injection well. Operator shall not establish or operate a "commercial disposal well facility" or "commercial disposal facility" as those terms may be generally understood in the oil and gas business or otherwise defined under any law, in, on or under any of the Lands.

All of the foregoing shall be conducted, performed and complied with at Operator's sole cost and expense.

6. **DEFAULT AND RIGHT TO CURE.** In the event of alleged default by Operator 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, Owner will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator will have 60 days from receipt of the written notification in which to dispute or otherwise respond to the notification before Owner may allege default. If Operator remedies the alleged default within 60 days of Owner's notice, or if the alleged default is of a nature that cannot be remedied within 60 days, then if Operator commences the remedy of the alleged default within that 60 day period and diligently pursues such remedy, then no default shall be deemed to have occurred.

Except as otherwise agreed in writing, no waiver by Owner of any breach by the Operator 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 Owner to seek a remedy for any breach by the Operator be deemed to be a waiver by Owner of its rights or remedies with respect to such breach; however in no event will Operator be liable for consequential damages.

7. **INDEMNITY/RELEASE.** Subject to Operator's indemnification obligations set forth below, and except for the willful or wanton misconduct or gross negligence by Operator, Owner hereby releases and agrees to hold harmless Operator from any and all liability and further payment, other than what has been provided herein, for damages on the Lands which arise from, out of or in connection with the Operator's operations on the Surface Use Area, but only as to those operations which are described in and permitted by this Agreement, and for those operations which the Surface Use Fee has been paid and received by Owner pursuant to this Agreement, subject to the limitations of Section 5.b., above.

Operator agrees to indemnify and hold Owner harmless from any and all claims, damages and causes of action arising out of and caused by Operator's operations on the Lands that may be asserted by any of Operator's agents, employees, subcontractors, contractors or persons entering upon the premises at the request of Operator, except for the willful or wanton misconduct or gross negligence by Owner. Furthermore, the Operator shall protect, defend, indemnify and hold the Owner and its successors, and assigns harmless from any losses, obligations, risks, fees, costs, settlements, expenses (including reasonable attorneys' fees) damages, injuries, claims, judgments or other liability arising, either directly or indirectly, on account of any damage or injury to any person or property resulting from the Operator's use of the subject Surface Use Area and the Lands, including use by Operator's employees, agents, representatives, contractors, contractor's assignees, or other working interest owners, and against any and all claims, actions, suits, and proceedings in connection with the foregoing, except for the willful or wanton misconduct or gross negligence by Owner

8. **NOTICE FOR ADDITIONAL OPERATIONS.** In addition to the applicable provisions and requirements set forth in this Agreement, Operator will comply with COGCC rules and regulations requiring that advance notice be provided to Owner for subsequent operations on the Wells, including, but not limited to, reworking operations thereto.

9. **INSURANCE.** For vehicles traveling upon the Road Easement Area, the Surface Use Area and owned or operated by Operator, its contractors, agents, or employees shall be covered by automobile liability insurance covering owned, non-owned, and hired automobiles with limits of at least One Million Dollars (\$1,000,000) for injury to or death of any one person for any one occurrence, and Five Hundred Thousand Dollars (\$500,000) property damage per occurrence. In addition, Operator shall carry comprehensive general liability insurance with minimum coverage limits of Five Million Dollars (\$5,000,000) for injury or death for any one occurrence, and Two Million Dollars (\$2,000,000) for property damage (including Owner's property) per occurrence.

10. **NOTICES.** Notice by either Party will be promptly given in writing, personally delivered, by electronic mail, or sent by United States mail, postage prepaid and addressed to either Party at the address as designated below; or to such other place as either Party may from time to time designate by notice to the other:

Owner  
Jamie Bybee  
**10114 Wyandott Circle North**  
**Thornton, CO 80260**  
Phone: (970) 389-8025  
Email: [jambybee@yahoo.com](mailto:jambybee@yahoo.com)

Operator  
Extraction Oil & Gas, LLC  
1800 Sherman Street, Suite 500  
Denver, CO 80203  
Email: [jmcilvain@extractionog.com](mailto:jmcilvain@extractionog.com)  
Phone: (720) 974-2021  
Attn: Jamison McIlvain

With a simultaneous copy to:

**Berg Hill Greenleaf & Ruscitti LLP**  
**1712 Pearl St.**  
**Boulder, CO 80302**  
**Attn: George V. Berg, Jr., Esq.**  
**Phone 303.442.1600**  
**Email: [gvb@bhgrlaw.com](mailto:gvb@bhgrlaw.com)**

11. **BINDING EFFECT.** The covenants and conditions herein contained and all of the provisions of this Agreement will inure to the benefit of and will be binding upon the Parties hereto, their respective heirs, representatives, successors or assigns. Owner agrees to contact any and all tenants of Lands or any other third parties utilizing the surface of the Lands that may be affected by Operator's activities on the Lands. It will be Owner's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant to this Agreement for the payment of any consideration, if any, due such third party from Owner.

12. **ENTIRE AGREEMENT.** This instrument contains the entire agreement between the Parties and may not be modified orally or in any other manner other than by agreement in writing signed by all Parties or their respective successors or assigns. This Agreement supersedes any previous communications, representations or agreement, whether oral or written.

13. **TERMINATION.** This Agreement will terminate upon the last to occur of: (a) termination of the applicable oil and gas Lease(s) as they relate to Operator(s) and/or its affiliates rights to explore, drill, and produce oil, gas and associated hydrocarbons from the Lands or lands pooled therewith; (b) upon complete reclamation and restoration of the surface according to the standards prescribed herein and by

the applicable local, state or federal rules, regulations and statutes as well as approval of such reclamation by local, state and/or federal authorities which have jurisdiction over such reclamation.

16. **REASONABLE ACCOMMODATION.** Owner acknowledges the right to use of the surface estate of the Lands by Operator as herein described are expressly granted to Operator, its successor, and assigns; therefore Owner further acknowledges Operator's use of the surface estate of the as granted herein to Operator, but subject to Operator's compliance with the express terms and conditions hereof on the Surface Use Area, shall constitute "reasonable accommodation" by Operator, its successors, and permitted assigns with respect to Colorado Revised Statute 34-60-127.

17. **COUNTERPARTS.** This Agreement may be executed by facsimile, in counterparts, each of which will be considered an original and enforceable against either Party.

18. **GOVERNING LAW AND VENUE.** This Agreement will be governed by, construed and enforced in accordance with the laws of Colorado. Venue shall be deemed to be in Weld County, Colorado.

19. **ATTORNEY'S FEES AND COSTS.** The Parties agree that the prevailing Party in any action resulting from a breach of this Agreement will be entitled to its reasonable attorneys' fees and costs incurred therein.

20. **AUTHORITY OF SIGNATORIES.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

21. **SUCCESSORS.** This Agreement constitutes a covenant running with the Lands and will be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, affiliates, administrators, trustees, executors and permitted assigns.

22. **EXHIBITS.** All exhibits referred to herein are attached hereto and hereby incorporated herein for all purposes.

23. **TAXES.** Operator shall be responsible for and shall pay all additional taxes that may be assessed against the Lands by reason of any oil and gas facilities, wells, or other improvements placed within the Surface Use Area by Operator.

24. **ASSIGNMENT.** This Agreement may be assigned by Operator to any other entity either in whole or in part. Operator agrees to provide Owner timely notice of any such assignment.

25. **SURVIVAL.** The Operator's obligations and responsibilities hereunder shall survive the term of this Agreement on a well-by-well basis with regard to the subject Surface Use Area, including without limitation, all reclamation obligations. Provided, however, that the Operator's indemnity obligations hereunder shall survive any termination or expiration of this Agreement for a period of four (4) years.

26. **OTHER.**

OWNER ACKNOWLEDGES AND AGREES THAT OPERATOR HAS CONSULTED IN GOOD FAITH WITH OWNER AS TO ITS PROPOSED OPERATIONS IN ACCORDANCE WITH COGCC REQUIREMENTS, AND HEREBY WAIVES SUCH REQUIREMENTS. OWNER EXPRESSLY WAIVES THE APPLICATION OF ANY COGCC SETBACKS INCONSISTENT WITH THIS AGREEMENT.

- A. Operator will provide Owner with the COGCC Form 2A ("Oil and Gas Location Assessment") when submitted to the COGCC, and Operator will undertake to ensure that said Form 2A accurately reflects the provisions of this Agreement.

- B. Owner agrees not to object to the Form 2A, so long as it is consistent with this Agreement. Owner hereby waives any right granted by COGCC rule to comment on the Form 2A, to request an extension of the comment period, to request an onsite inspection pursuant to COGCC policy, or to appeal the approval and issuance of the Form 2A and any related Form 2 ("Application for Permit to Drill").
- C. Owner shall not oppose Operator in any COGCC or other governmental proceedings related to Operator's operations, including, but not limited to, permitting, formation of units, well spacing, well density, pooling, drilling, completion, stimulation, re-stimulation, workovers, deepening and recompleting, provided that Operator's position and contemplated undertakings in such proceedings are consistent with this Agreement. Owner will provide Operator or its successors and assigns with any and all written support they may reasonably require to obtain permits from the Colorado Oil and Gas Conservation Commission or any local jurisdiction.
- D. Owner grants consent to locate the Wells greater than 50 feet from an existing well pursuant to COGCC Rule 318A(c). Owner grants consent to locate the proposed Wells outside of the GWA windows as defined in COGCC Rule 318A(a).
- E. Owner understands and acknowledges that the COGCC has rules and regulations that apply to the distance between a wellhead and public roads, production facilities, building units, buildings, and surface property lines, among other things. In order to give full effect to the purposes of this Agreement, Owner hereby waives its right to object to the location of any of Operator's Facilities on the basis of setback requirements in the rules and regulations of the COGCC, including, but not limited to, the 200 foot setback from surface property lines and other requirements of rules 603.a.(2), and 604.a, except that the Parties intend to rely upon one or more exceptions of rule 604.b of the rules and regulations of the COGCC relating to property lines and urban mitigation areas and/or designated outside activity areas, as those terms may change or be defined and amended from time to time. For the operations contemplated by this Agreement, Owner hereby waives the urban mitigation area setback distances, as required by COGCC rules and regulations.

[signature page follows]



