

SURFACE USE AND EASEMENT AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this 23 day of February, 2015 ("Effective Date") by and between the Gypsum Ranch Co., LLC, whose address is P.O. Drawer 790, Glenwood Springs, CO, 81602, hereinafter called "Owner", and Ursa Operating Company LLC, whose address is 1050 17th Street, Suite 2400, Denver, CO 80265, hereinafter called "Operator".

WHEREAS, the Owner owns the surface estate of a tract of land described as Parcel Number 2179-0930-0716 in the Garfield County, Colorado Tax Assessor's records, located in Section 9, Township 6 South, Range 92 West, Garfield County, Colorado as further depicted on the attached Exhibit A, hereinafter for all purposes referred to as the "Lands", and

WHEREAS, Operator desires to utilize the Lands for the operations hereafter described, and Owner desires to allow such utilization, and

WHEREAS, Owner and Operator desire to enter into this Agreement to stipulate the terms and conditions under which Owner will permit use of the Lands by Operator.

NOW, THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration in hand paid, receipt of which is hereby acknowledged, Owner and Operator agree as follows:

1. **Surface Ownership.** Operator desires to explore for and produce oil and gas and associated hydrocarbons on property owned by Owner and depicted on Exhibit A attached hereto and made a part hereof for all purpose.
2. **Grant of Easement.** Owner hereby grants to Operator a right-of-way and easement on, over, through and across the Lands for the purpose of drilling, completing, operating and producing oil and gas wells, conducting reservoir fracture stimulation operations, re-completing and monitoring wells therefore, together with the right-of-way and easement on, over, through and across the Lands necessary to construct operate, maintain and repair (including but not limited to) access roads, fluid retention reservoirs, well sites, tank batteries, compressors, electrical lines, facilities, pipelines (both water and gas), for both conducting operations and handling production from the Lands, as well as from other lands which Owner may not have an interest, which may be necessary for Operator to have a continuous and efficient pipeline system (such right-of-way and easement not to exceed fifty feet (50') during the construction phase, and shall not exceed twenty-five feet (25') after the completion of construction), pigging facilities, tanks, water discharge, and any other actions deemed necessary by Operator for its operations. Within 60 days after any pipeline is installed on the Lands, Operator will furnish to Owner an as-built plat showing the location of the pipeline. Owner agrees that Operator may file in the real property records of Garfield County, Colorado on behalf of Owner appropriate documentation evidencing the location of any pipelines on the Lands.
3. **Notification.** Operator shall notify Owner prior to initial operations upon the Lands and shall consult with Owner regarding the location of the roads, well pads, and other facilities incident to Operators operations on the Lands. To the maximum extent commercially feasible, Operator will use existing roads on Owner's property for its Operations, and if construction of a new road is required, Operator will locate the new road in a manner so as to cause the least interference with Owner's operations on the affected lands.
4. **Termination of Rights.** The rights granted by Owner to Operator relating to the exploration and development of hydrocarbons from the Lands shall terminate upon the permanent plugging and abandoning of the last well located on the Lands, or lands pooled or spaced therewith pursuant to the rules and regulations of the Colorado Oil and Gas Conservation Commission. The easements and rights-of-way granted herein relating to lands in which Owner does not have an interest, shall terminate if and when Operator shall cease to use such easements and rights-of-way for a period of twenty-four (24) consecutive months without suspension of use for regulatory reasons.
5. **Nonexclusive Rights.** The rights granted by Owner to Operator are nonexclusive, and Owner reserves the right to use all access roads existing as of the date of this Agreement, or constructed at Owner's expense after the date of this Agreement, and all surface and subsurface uses of the lands affected by this Agreement and the right to grant successive easements thereon or across on such terms as Owner deems necessary or advisable.
6. **Cooperation – Additional Uses.** Operator understands that the said lands are also operated by a gravel pit operator and agrees to interact and cooperate with the gravel pit operations. Operator agrees to communicate with the gravel pit to minimize any interference with the gravel pit operations.
7. **Maintenance.** Operator shall at all times keep the well site and the road right-of-way safe and in good order, and free of noxious weeds, litter and debris. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's property. No seismic operations shall be permitted without written consent of Owner.
8. **Abandonment.** If the Operator desires to plug and abandon the well(s) because the Operator determines the well is not capable of commercial production, then, in that event, the Operator shall fill and level the location, re-contour the location, distribute the topsoil, make the location ready for reseedling, and reseed the area, and plug and abandon the well as required by applicable law and regulations. All cleanup and restoration requirements shall be completed by Operator within six months after the termination of final activities at the well site.
9. **Improvements.** No fences, cattle guards or other improvements on Owner's property shall be cut or damaged by Operator without the prior written consent of Owner and the payment of additional damages or the institution of other safeguards to protect the rights and property of the Owner. Upon final termination of Operator's rights under this Agreement, Operator shall return all roads and other rights-of-way or sites as nearly as practical to the condition which they were in prior to the execution of this Agreement. All disturbed areas caused by Operator's activities will be reseeded. Fences shall be restored as near as practical to the original condition unless otherwise agreed by Owner.

11. **No Warranty.** Owner makes no warranty of title in entering into this Agreement; provided, however, if it is determined that Owner does not have the right to authorize Operator to use the lands affected by this Agreement for the purposes set forth herein, then Operator's sole remedy shall be to recover from Owner those payments made by Operator for the rights which Owner did not have the right to grant to Operator.
12. **Non-disturbance.** Operator and its employees and authorized agents shall not disturb, use or travel upon any of the land of Owner not subject to this Agreement.
13. **Firearms and Explosives.** None of the Operator's employees or authorized agents or any other person under the direction or control of Operator shall be permitted to carry firearms or any weapon while crossing the Lands, and such persons shall not hunt or fish on Owner's property and shall not trespass on Owner's property for the purposes of hunting or fishing or recreational uses. No explosives shall be used the Lands. Operator will notify all of its contractors, agents and employees that no firearms, weapons, hunting, fishing or recreational activities will be allowed on Owner's property.
14. **Indemnification.** Operator will indemnify, defend and hold Owner, and if applicable, Owner's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs which may arise out of, or be related to Operator's gross negligence on Owner's property (including, without limitation, any claims that Operator's operations hereunder are either illegal, unauthorized, or constitute an improper interference with any party's rights, or have damaged the lands or operations of adjacent landowners and including any claims based on the alleged concurrent negligence of Owner).
15. **Compliance with Law.** Operator shall conduct operations and activities in accordance with existing local, state and federal laws, rules and regulations.
16. **Release.** To the maximum extent permitted by law, Operator releases and waives and discharges Owner, and, if applicable, Owner's officers, directors, employees, agents, successors and assigns from any and all liabilities for personal injury, death, property damage or otherwise arising out of Operator's operation under this Agreement or use of Owner's property.
17. **Notice.** Notice may be given to either party to this Agreement by depositing the same in the United States mail, postage prepaid, duly addressed to the other party at the following address. Such notice shall be deemed delivered when deposited in the United States mail.
18. **Recording.** This Agreement may not be recorded without the written consent of Owner and Operator. Operator shall record a memorandum of this agreement in the real records of Garfield County, Colorado.
19. **Construction of Agreement.** This Agreement shall be construed under the laws of the State of Colorado.
20. **Assignability and Binding Effect.** This Agreement is assignable by Owner or Operator, and will be binding upon the successors and assigns of the parties.

OWNER:

Gypsum Ranch Co, LLC



By: Scott Balcomb, Manager

OPERATOR:

Ursa Operating Company LLC



By: Donald E. Simpson, Vice President

ACKNOWLEDGMENTS


STATE OF COLORADO §
 §
COUNTY OF GARFIELD §

The foregoing instrument is acknowledged before me, a notary public, this 27th day of February, 2015 by Scott Balcomb, Manager of Gypsum Ranch Co, LLC on behalf of said company.

Witness my hand and official seal.

My commission expires: 10/27/2015





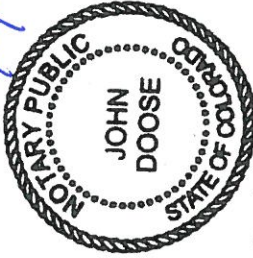
Notary Public

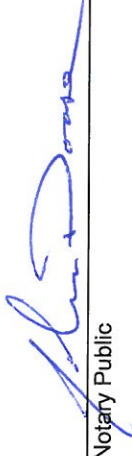
STATE OF COLORADO §
 §
COUNTY OF DENVER §

The foregoing instrument is acknowledged before me, a notary public, this 11 day of March, 2015 by Donald E. Simpson, Vice President of Ursa Operating Company LLC, on behalf of said company.

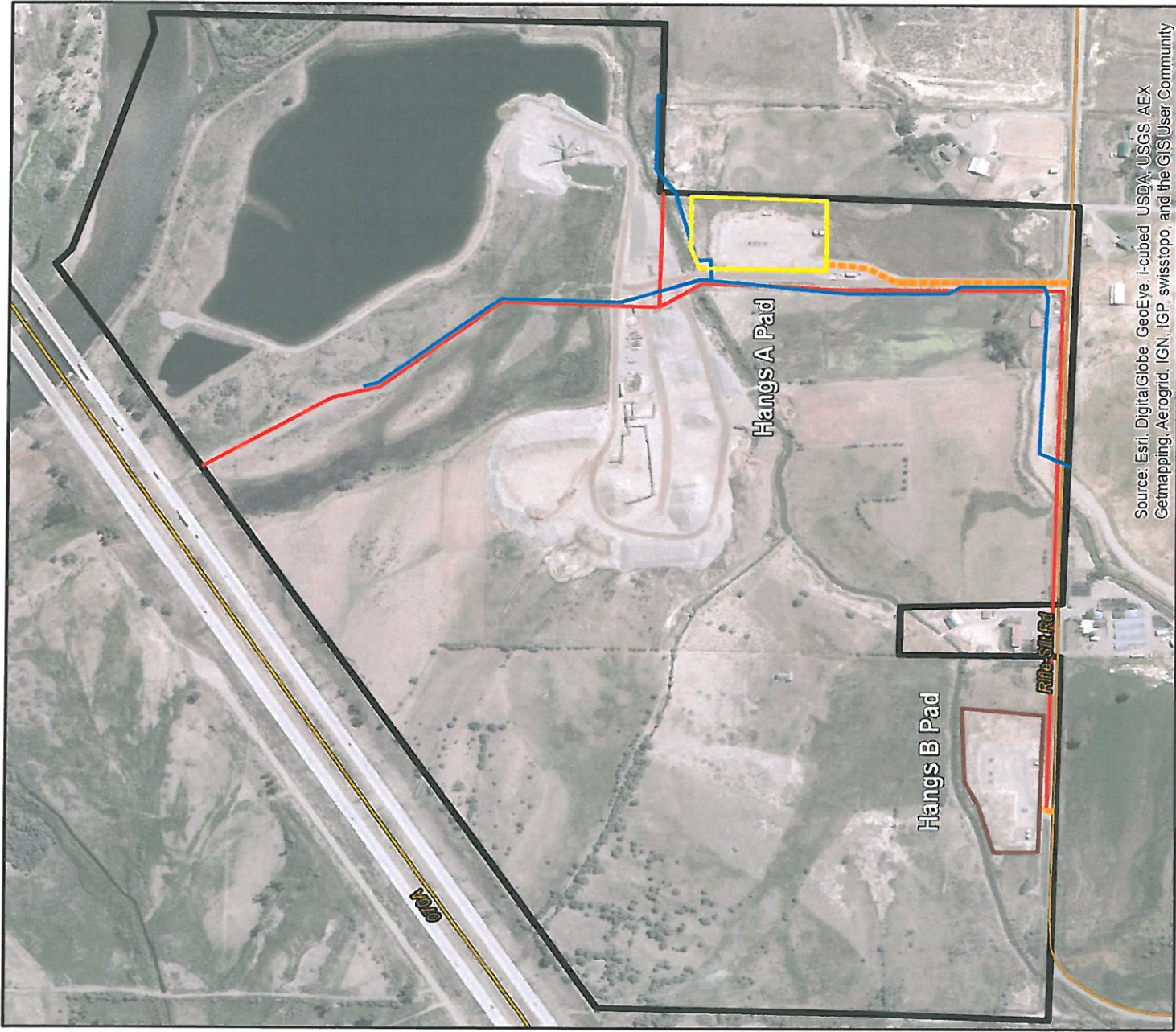
Witness my hand and official seal.

My commission expires: 11/8/2015





Notary Public



- Existing Pad
- Proposed Pad Expansion
- Existing Access
- Existing Gas Pipeline
- Existing Water Pipeline
- Property Line
- County & Local Roads



GYP SUM RANCH CO LLC

Exhibit A

to Surface Use and Easement Agreement

Section 9, Township 6 South, Range 92 West
Garfield County, Colorado

1 in = 500 ft

February 25, 2015