



STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS

SURFACE USE AGREEMENT
OM 109947
Non-State and Pooled or Communitized Minerals

THIS SURFACE USE AGREEMENT ("Agreement"), dated this 8th day of October, 2015, ("Effective Date") is made by and between the State of Colorado, acting by and through the Colorado State Board of Land Commissioners, whose address is 1127 Sherman Street, Suite 300, Denver, CO 80203, herein called (the "State"), and, 8 North, LLC, whose address is 370 17th Street Suite 5300, Denver, CO 80202, herein called ("Operator").

WHEREAS, the State represents that it is the surface owner and in possession of the surface estate in all or part of the following lands [described in Exhibit A] located in Weld County, Colorado ("Property")

WHEREAS, the State acknowledges the Operator has certain rights to conduct oil and gas operations under the terms of oil and gas lease(s) underlying or adjacent to the Property;

WHEREAS, the State and the Operator desire to facilitate development of the oil and gas resources based on reasonable access and use of the Property, and to reach an understanding and agreement regarding the Operator's surface access and use and to minimize disturbance associated with oil and gas operations.

NOW, THEREFORE, in consideration of the terms and conditions cited below, the State and the Operator agree as follows:

1. Surface Rights

The State agrees to allow the Operator reasonable use of the Property to build well pad(s), tank batteries, access road(s); construct pipelines, flowlines, gathering lines and powerlines; and to drill, complete, produce and operate directional or horizontal wells (the "Operations"). Operations on the Property shall be confined to an Operations Area comprising a limited portion of the surface of the Property exclusively reserved for Operations, together with an Access Corridor, as necessary, for access roads and associated lines, all identified on Exhibit B. The Operator shall have the exclusive right to utilize the Operations Area provided the State may use the balance of the Property and the Access Corridor for State purposes that do not materially interfere with Operations.

2. Subsurface Rights

To the extent that the State owns the sub-surface rights underlying the Property the State hereby grants to the Operator a subsurface easement for passage of any portion of the directional or horizontal wellbore for a well located on the Operations Area through the State owned sub-surface to a bottom hole location off of State property, provided such easement does not conflict with the terms of any State lease now in effect, or that may be granted in the future, and provided the grant of easement will not interfere with current or future development of State owned minerals.

3. Term

This Agreement shall have a primary term of three (3) years (the "Primary Term"). If the Operator fails to commence Operations on the Operations Area during the Primary Term, this Agreement shall

terminate at the end of the Primary Term, unless Operator has established production from Off-Site Wells utilizing facilities on the Operations Area, or from wells on the Operations Area.

If the State determines that production from the oil and gas wells using the Operations Area are uneconomic, or if the wells using the Operations Area are shut-in for a period of more than two (2) years, the State may terminate this Agreement, provided the Operator may request an extension (i) based on a showing that further development will occur within a reasonable time or (ii) that revenues from the sale of the oil and gas attributable to production from the wells exceeds lease operating expenses. The Operator will provide information regarding operating expenses for the annual Agreement year if requested by the State. Upon termination of Operations, this Agreement shall remain in effect as to other terms and conditions until all wells are plugged and abandoned and the reclamation and clean-up requirements set out in the "Reclamation" section below have occurred consistent with the COGCC regulations then in effect, and to the reasonable satisfaction of the State.

Extensions to this Agreement in the absence of ongoing Operations may be granted at the sole discretion of the State.

4. Indemnification

The Operator shall indemnify and hold the State, including without limitation all State officers, agents, employees and board members harmless from any and all liability, liens, demands, judgments, suits, and claims of any kind or character arising out of, in connection with, or relating to the Operator's Operations on the Operations Area and the Property including, but not limited to, environmental issues, erosion, sedimentation, surface and sub-surface damage, claims for injury to or death of any persons, or damage, loss or destruction of any property, real or personal, under any theory of tort, contract, strict liability, or statutory liability ("Claims"), except to the extent such Claims arise from the State's gross negligence or willful misconduct. The Operator further covenants and agrees to defend any suits brought against the State on any Claims, and to pay any judgment against the State resulting from any suit or suits, together with all costs and expenses relating to any claims, including reasonable attorney's fees, arising from the Operator's Operations on the Property, or other land owned by the State, except to the extent such Claims arise from the State's gross negligence or willful misconduct. The State, if it so elects, shall have the right to participate in its defense in any suit or suits in which it may be a party, inclusive of using separate counsel, due to any conflicts that may arise, without relieving the Operator of the obligation to defend the State. The State shall have the right to employ separate counsel in any action, suit or proceeding if, in accord with applicable codes or rules of attorney conduct, there would be an unwaivable or unwaived conflict of interest between the Operator and the State so that they cannot be represented by the same counsel and, under such circumstances, the fees and expenses of such separate counsel shall be paid solely by the Operator.

5. Payments to the State

- A. **Initial Damage Payment** - On the Effective Date of the Agreement the Operator shall pay the State [REDACTED] based on the surface use rates set forth on Exhibit C for surface damage, impact and use of the Operations Area and the Access Corridor.
- B. **Well Payments** In addition to the Initial Damage Payment, the Operator shall pay the State on or before the spud of any well on the Operations Area a one-time use payment, calculated based on the rates forth on Exhibit C. Spud is defined as the start of the process to drill for installation of surface casing.

- C. Annual Payment - The Operator shall pay the State annually, on or before each anniversary of the Effective Date for so long as this Agreement remains in effect, an Annual Payment of [REDACTED], calculated based on the rates set forth on Exhibit C. The State may accept, in lieu of Annual Payments, a lump-sum one-time payment on the Effective Date of this Agreement, at the sole and absolute discretion of the State.
- D. Facilities Payment - The Operator shall pay the State for each well located off the Operations Area ("Off-Site Wells") that uses facilities located on the Operations Area, including without limitation production facilities, tanks and compressors, and all associated oil and gas production and operational facilities, calculated based on Exhibit C ("Facilities Payment"). The State's written approval and the Facilities Payment are due prior to constructing pipelines or producing hydrocarbons from Off-Site Wells to the facilities located on the Operations Area and such use will be granted at the State's sole and absolute discretion. Operator shall pay additional fees to the State for pipeline and powerline access across the Property and other state-owned land for Off-Site Wells and such access may be provided pursuant to either this Agreement or a separate Easement or Right-of-Way Agreement, as determined by the State.
- E. Pipeline Payment - For pipelines located on the Property outside of the Operations Area or the Access Corridor, Operator shall consult with and obtain approval from the State for such pipeline(s) and shall cooperate with the State regarding the location and construction timing for any pipeline burial in order to minimize surface disturbance, and shall pay the State for the length of the buried pipeline according to the compensation schedule set forth on Exhibit C. Compensation for pipelines shall be calculated and paid prior to starting construction, provided that, for accuracy of measurement, Operator shall provide an As-Built Survey and such compensation may be adjusted accordingly.
- F. Communitized Minerals - Operator may provide information to support a lower Exhibit C payment for wells located on the Operations Area that are pooled or communitized with State minerals. Any reduction shall be determined by the State at its sole and absolute discretion.
- G. Rental Adjustment - On the tenth anniversary of this Agreement and every fifth anniversary date thereafter the Annual Payment amount shall be increased based on the change in Consumer Price Index - All Urban Consumers, "CPI-U" (CUUR0000SA4) (Base Period 1982-84=100) (the "Index"), as first published by the U. S. Department of Labor, Bureau of Labor Statistics, for the five year period preceding such anniversary date.

On the tenth anniversary of this agreement and every fifth anniversary date thereafter the Annual Payment amount may be reduced based on a reduction in size of the Operations Area due to interim reclamation subject to written approval by the State's District Manager or their appointee.

6. Excess Damage

If the Operations cause damage to (i) the Property located outside of the Operations Area or (ii) any other State-owned surface, or (ii) personal property located on Property outside of the Operations Area and Access Corridor, or if Operator's surface use exceeds the use contemplated herein, causing damage, including without limitation damage or destruction of land, crops, livestock, structures, buildings, fences, culverts, concrete ditches, irrigation systems, and natural water ways. Operator shall repair or replace the damaged property, or shall pay reasonable compensation to the State or

the owner of such personal property for the replacement or repair of the damaged property. Failure to timely repair, replace or pay for additional damages may result in termination of this Agreement.

7. Consultation

- A. Surface Owner - Prior to execution of this Agreement, Operator shall meet with a State representative to define the Operations Area and Access Corridor as set forth on Exhibit B. Operations shall be confined to the Operations Area and Access Corridor, and any change to Exhibit B requires prior consultation and written approval of the State. Except as indicated in paragraph 28, the State does not waive any COGCC surface owner consultation requirements, and the Operator shall not seek a variance to any required consultation without the advance written approval of the State.
- B. Colorado Parks and Wildlife - Prior to executing this Agreement, Operator shall consult with Colorado Parks and Wildlife (CPW) representatives as required by COGCC Rules, and as required by the State to determine if the Property contains CPW mapped High Priority Habitat (HPH) and/or occurrences of Federally-listed Endangered, Threatened, or Candidate wildlife. The Operator shall review the Colorado Natural Heritage Program (CNHP) data to identify animal and plant species of concern. Evidence of such consultation and review and the Operator's design measures and best management practices (BMPs) to be employed to avoid and minimize adverse impacts to biological resources, species, and habitats are attached to this Agreement as Exhibit D. The State may impose penalties, subject to notice and cure rights contained in paragraph 20, including cancellation of this Agreement and fines of up to ██████ per day, for any violation of or non-compliance with the Exhibit D design measures and BMPs, in whole or in part, arising directly or indirectly from the use, occupation or control of the Property, including the Operations Area, by the Operator or the Operator's Contactors.

8. As-Built Information

No later than sixty (60) days after completion of construction of the well site, production facilities, access roads and pipelines, individually or together, the Operator shall provide the State with a certified plat showing the actual dimensions of the Operations Area and the Access Corridor and the total number of acres disturbed ("As-Built Survey"). The State may request periodic updates of the As-Built Survey when additional Operations are conducted on the Operations Area or Access Corridor.

9. Operational Standards

At all times the Operator and its Contractors shall enter and use the Property, including the Operations Area, and shall conduct all Operations thereon in a good, careful, safe, and workmanlike manner, in compliance with applicable state rules and regulations including those of the COGCC, the Colorado Air Quality Control Commission and any other State or Federal agency with jurisdiction over Operations, the applicable oil and gas lease(s), and this Agreement. Operator shall strive to identify and use the best management practices then available for surface management of oil and gas operations. Contractors shall include any third party and its employees, agents and affiliates that are retained, engaged or employed by the Operator to conduct Operations on the Property.

- A. Limitation - The Operator shall use the Operations Area only for Operations as depicted and detailed on Exhibit B. No Operations, compressors, pipelines, powerlines, access roads, facilities, and equipment beyond those provided for on Exhibit B are allowed without the

prior written consent of the State.

- B. Compliance - Operator shall inform all Contractors of the standards contained herein. Should any Contractor fail to comply with Operator's obligations set forth herein, Operator shall be responsible and liable to State for resulting damages.
- C. Road standards - To the extent reasonably practical, Operator shall use existing roads to access the Operations Area and Access Corridor.
 - i. Access Roads shall be limited to approximately thirty-feet, being fifteen feet on each side of the centerline, and shall be constructed along the boundary lines of the Property, or along the section lines of the Property, to the extent reasonably practical.
 - ii. Culverts shall be installed at ditch and drainage crossings, and shall be sized to prevent obstruction to the free flow of the volumes of water being carried, inclusive of flood stages. If existing culverts are damaged or destroyed, Operator agrees to promptly repair or replace such culverts.
 - iii. Upon the State's written request, the Operator shall construct cattle guards at all places where Operator requires access through State's fences. Permanent gates shall be installed at each point where an Access Road intersects perimeter or cross fences. If State or Operator elects to lock any gate on the Access Road, keys shall be provided to the other party.
 - iv. All Access Roads shall be kept and maintained free from ruts. Access Roads shall be compacted and an adequate amount of crushed aggregate and lighter gravel shall be added on top of the surface of the Access Road to minimize rutting and damage to the surface.
 - v. During dry months, Operator shall apply fresh water (or water to a standard suitable for irrigation purposes) to the surface of the Access Roads to reasonably limit dissemination of dust.
 - vi. The use and construction of any Access Roads shall not include a right of use by the general public. Operator shall be responsible for maintaining all Access Roads and any existing roads utilized by Operator, at Operator's sole cost and expense.
 - vii. Operator shall impose a reasonable speed limit, not to exceed twenty miles per hour on the Access Road, and Operator shall be responsible for all traffic on the Access Road occurring in connection with Operations, including without limitation any damage to livestock or growing crops.
- D. Water Protection - Operator shall protect all water sources and conveyance structures, including but not limited to the natural flow of creeks, wells, and ditches, from all Operations and shall immediately remedy any diversion, curtailment, or blockage of water flows or contamination of water sources. At State's request Operator will test the water quality from

surface springs or other natural water sources on the Property identified by the State, and this data shall be used as the baseline for future water analysis and any determination of deterioration, contamination or damage to the State's surface and subsurface sources of water. All water sampling and testing shall be completed at Operator's expense by a reputable testing consultant agreed to by the Operator and the State.

- E. Fencing - To exclude livestock, upon the State's request, Operator shall fence any drill site, or if production is established any well site, with a wildlife friendly four strand wire fence secured by posts at appropriate intervals. Pits must be separately fenced and netted according to the State's specifications to protect birds and wildlife. Final fencing materials shall be determined based on best management practices for the protection of wildlife agreed to by the parties when drilling is proposed.
- F. Production Containment - Operator will install and maintain steel containment rings around production tanks and associated facilities, and install steel berms and impervious synthetic liner within bermed areas to prevent any hydrocarbons substances from infiltrating soil or ground water.
- G. Buried Pipelines - Operator shall bury all pipelines below normal plow depth or to a depth specified by the State.
- H. Additional Surface Installations - At the State's request, Operator shall install additional screening, fencing, landscaping around a wellsite to minimize noise and aesthetic impacts.
- I. Prohibited Activities - Neither Operator nor its Contractors may hunt, fish, or possess firearms, alcoholic beverages or illegal drugs on the Property.
- J. Weed Control - Operator shall keep the Operations Area and Access Corridor free of weeds as required by COGCC Rule 1003(f). Noxious weeds shall be sprayed within two (2) weeks of any request by the State for such spraying.
- K. Trash and Debris - Operator shall keep the Operations Area free from trash and debris and shall provide for periodic removal for all trash or debris from the Operations.
- L. Erosion Control - If the State identifies portions of the Property where Operations have caused erosion Operator agrees to take reasonable measures to control erosion, including without limitation installation of soil berms or diversions, mulching, seeding or soil binders.
- M. Storage Prohibited - The Operator shall not store any oil and gas equipment, machinery, vehicles, pipe or other item on the Operations Area that is not required in connection with Operations, without the prior written consent of the State.

10. Reclamation

Prior to initiating reclamation activities, Operator agrees to consult with the State. The Operator shall reclaim the Operations Area and the Access Corridor(s) and other associated impacted State-owned land for damages resulting from the Operator's Operations, at its sole expense as nearly as practicable to its original condition. Interim and final reclamation shall be to the satisfaction of the

State and shall, at a minimum, comply with all appropriate reclamation regulations, including COGCC Reclamation Regulation Series 1000 and Series 1100, and any more stringent reclamation regulations adopted by the COGCC while this Agreement is in effect. Additional interim and final reclamation requirements and standards, if any, are attached hereto as Exhibit E.

The existence of this Agreement shall not relieve the Operator of its obligation to fully comply with all of the COGCC Rules related to reclamation notwithstanding any COGCC Rule that now creates, or may in the future create, an exception to compliance when a surface use agreement exists.

11. Other Lessees

Operator acknowledges that the State may have granted rights of surface use to additional third-parties. The Operator shall use reasonable efforts to minimize the impact of its Operations on the other surface lessees and their surface use(s).

12. Assignment

This agreement shall be assignable, in whole or in part, by either party, subject to the following:

A. The operator shall have the right to assign this agreement in whole or in part with written consent of the state. Such consent shall not be unreasonably withheld. The operator may assign its rights in the agreement only following written disclosure to the assignee of the existence of this agreement, and such assignment shall be expressly subject to the assignee's assumption of all terms, conditions and obligations of this agreement.

B. The state may assign or convey its interest in the property or any portion thereof only following written disclosure to the assignee of the existence of this agreement, and such assignment or conveyance shall be expressly subject to all terms and conditions of this agreement, and the assumption by such assignee or grantee of all obligations of the state under this agreement.

13. Successors and Assigns

When the word Operator is used in this Agreement, it shall also mean the successors and assigns of the Operator, including but not limited to its employees and officers, agents, affiliates, Contractors, subcontractors and/or purchasers. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties.

14. Confidentiality

The existence and terms of this Agreement may be a public record and subject to the Colorado Open Records Act ("CORA"), C.R.S. § 24-72-200.1, et. seq. Data, maps, surveys, and other information prepared by or furnished to the State pursuant to this Agreement are subject to the confidentiality provisions of C.R.S. § 36-1-138(2). The Operator may record a memorandum or redacted form evidencing the existence of this Agreement.

15. Governing Law/Venue

This Agreement shall be interpreted according to the laws of the State of Colorado. Venue for any dispute shall be the City and County of Denver.

16. Written Modifications

This Agreement, including its Exhibits, may only be amended in writing signed by both parties. All notices to either party shall be in writing addressed to the parties at the address first set forth below.

17. Notices

Any notice or other communication given by either party to the other relating to this Agreement shall be in writing, delivered by U.S. mail or sent by reputable overnight courier, to such other party at the respective addresses set forth in this Agreement (or at such other address as may be designated from time to time by written notice given in the manner provided in this Agreement). If sent by certified mail, return receipt requested, such notice shall be deemed effective on receipt.

If to the State:
Colorado State Board of Land Commissioners
Attention: Oil and Gas Leasing Manager
1127 Sherman St., #300
Denver, CO 80203

If to Operator:
8 North, LLC
370 17th Street, Suite 5300
Denver, Colorado 80202

18. Insurance

The Operator shall, at its sole cost and expense, prior to any surface disturbance and continuing during the entire term of the Agreement through final reclamation, procure, pay for and keep in full force and effect the following types of insurance:

A. Liability Insurance

I. A comprehensive policy of liability insurance covering the Property insuring the Operator in the amount and types of insurance required by the COGCC, but not less than [REDACTED] per occurrence.

B. General Provisions of Insurance Policies

- I. All liability policies of insurance carried by the Operator shall name the Operator as insured and shall include the State as additional insured on the policy.
- II. The Operator shall not cancel the policy until thirty (30) days prior written notice is given to the State. If the policy is cancelled by the insurance company, the Operator shall notify the State within ten (10) days of the Operator receiving notification of such cancellation.
- III. The Operator shall furnish to the State a certificate of insurance or Letter of Self-insurance at the request of the State.

C. The State may, in its sole discretion, allow the Operator to self-insure for these insurance requirements.

19. Bond

Prior to accessing the Property and commencing construction and Operations, the State may require Operator to file a good and sufficient bond in the initial minimum amount of [REDACTED] to secure payment for surface impacts and damages on up to five acres of the Property caused by the Operator's Operations and to assure compliance with the terms of this Agreement. The Bond amount will increase at a rate of [REDACTED] per acre or portion thereof for surface disturbance and damage in excess of five acres. The State may accept a bank certificate of deposit, a surety bond, or a bank irrevocable letter of credit and will require that such bond be held in full force and effect after the termination or expiration of this Agreement until such time that the State has approved final reclamation of the Operations Area. The State agrees to take into account any additional

bonding requirements imposed for the protection of the surface estate, provided there is no obligation that the State will reduce the bond amount.

20. Default and Remedies

For purposes of determining a default under the terms of this Agreement, in addition to Agreement compliance violations or the State's determination that the Operator is not in compliance with the rules and regulations of the OGCC, the State may rely on any finding of violation of a COGCC rule, regulation, or order or any stipulated resolution of a claimed violation of a COGCC rule, regulation or order including, without limitation, violation of any restrictions, obligations or best management practices imposed in any permit issued by the COGCC if such violation, (i) impacts public health, safety, welfare or the environment, (ii) results in waste of the oil and gas resources, (iii) contravenes the Constitutional or statutory obligations of the State, or (iv) demonstrates an intentional disregard for the regulatory process.

The State shall promptly notify the Operator in writing of any default under this Agreement. If such default continues for a period of sixty (60) days after service of written notice by the State without the Operator taking action calculated to cure the claimed default and prosecuting such action as necessary to fully remedy any such violation or deficiency in performance to the reasonable satisfaction of the State, the State shall have the right to impose fines of up to ██████ per day or to declare this Agreement forfeited, and to enter onto the Operations Area, either with or without process of law, and to expel, remove and put out the Operator or any person occupying the Operations Area.

If this Agreement is terminated based on an event of default, the Operator shall surrender and peaceably deliver to the State the Property, including the Operations Area, in accordance with and subject to the terms of this Agreement, and such Property shall be in good condition. The State's rights and remedies, including those not specifically described, available in law or equity, shall be cumulative, and the State may pursue any or all of such rights and remedies at the same time or separately. Nothing in this paragraph relieves the Operator of any responsibility for the final reclamation of the Property, including the Operations Area and the Access Corridors, or the requirement to comply with all OGCC rules and regulations.

21. Title and Condition

The Operator enters into this Agreement with the Property in its "as is" condition with all faults, including the environmental condition of the Property. The State makes, and the Operator affirms that the State has made no representations or warranties, express or implied, of any kind whatsoever with regard to the title or condition of the Property or its fitness or suitability for any particular use. The Operator acknowledges that it is solely responsible for performing its own due diligence and for becoming fully familiar with the title, encumbrances and condition of the Property and any applicable restrictions, uses, or other conditions that might affect the Operator's development or use for a particular purpose.

22. Force Majeure

If performance of this Agreement or of any obligation hereunder is prevented or substantially restricted or interfered with by reason of an event of "Force Majeure" (defined below), the affected party, upon giving notice to and receiving approval from the other party, shall be excused from such performance to the extent of and for the duration of such prevention, restriction or interference for a period not to exceed ten (10) years, provided Force Majeure shall not excuse the obligation to timely pay the Annual Payment that shall continue to be due as set forth herein. The affected party shall use its reasonable efforts and due diligence to avoid or remove such causes of nonperformance, and shall continue performance hereunder whenever such causes are removed. "Force Majeure" means flood, drought, earthquake, storm, fire, tornado, lightning, windstorm, unusually inclement weather or other natural catastrophe; acts of God, casualty or accident; war,

sabotage, vandalism, civil strife or other violence; strikes or labor disputes; or any law, order, proclamation, regulation, ordinance, action, demand or requirement of any government agency or utility. Such determination of Force Majeure shall be at the State's reasonable sole discretion.

23. No Partnership or Joint Venture

This Agreement does not create any agent-principal or principal-agent relationship, joint venture, partnership, or other similar relationship between the State and the Operator, and neither party shall have the power to bind the other except as expressly set forth in this Agreement.

24. Partial Invalidity

If any term, covenant, condition or provision of this Agreement or the application thereof to any person or circumstance shall at any time or to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant, condition and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

25. Severability and Survival of Terms

No waiver of any right under this agreement shall be effective for any purpose unless in writing signed by the party possessing the right, and no such waiver shall be construed to be a waiver of any subsequent provision, right, or term of this agreement. Failure of the state or the operator to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver of any of its rights under this agreement. No waiver by the state or the operator at any time, express or implied, of any breach of any provision of this agreement shall be deemed a waiver of a breach of any other provisions of this agreement or a consent to any subsequent breach of the same or any other provision.

26. Entire Agreement

This Agreement and all addenda, exhibits, and schedules attached hereto, contains the entire agreement with respect to the subject matter. No oral statement or prior written matter shall have any force or effect. The Operator agrees that it is not relying on any representations or agreements other than those contained in this Agreement. To the extent there are existing agreements in place between the State and the Operator relating to the Operator's use of the surface of the Operations Area that materially conflicts with this Agreement, specifically excluding any mineral lease, mineral deed or similar instrument granting the Operator the right to develop the mineral estate, then this Agreement supersedes such agreements as well as any similar prior agreements, discussion or understandings, oral or written.

27. Counterpart signatures. This Agreement may be executed in pdf or counterpart signatures each of which shall be considered an original and upon execution of all Parties shall be deemed a binding Agreement.

28. Rules and Laws

The terms and conditions of this Agreement shall be performed and exercised subject to all applicable federal, state, and local laws, rules, regulations, orders, local ordinances or resolutions applicable to and binding upon the administration of lands owned by the State of Colorado, and to laws, rules and regulations governing oil and gas operations in Colorado, including, but not limited to, the rules and regulations of the COGCC. Should the Operator have a good faith dispute with any local government or authority, other than the State, regarding the application of a rule, regulation, ordinance, order or ruling, the State shall not consider the good faith contest or appeal of such rule, regulation, ordinance, order or ruling a violation of this Agreement while any appeal or other recognized legal or administrative process is pending to resolve the dispute.

The State shall approve all COGCC required waivers that are consistent with the terms of this Agreement and the Exhibit B Operations on the Operations Area. Waivers for operations outside of or in conflict with this Agreement may be approved at the State's absolute and sole discretion.

IN WITNESS WHEREOF, Lessor has hereunto signed and caused its name to be signed by the STATE BOARD OF LAND COMMISSIONERS, with the seal of the office affixed, and Lessee has signed this agreement, the day and year first above written.

COLORADO STATE BOARD OF LAND COMMISSIONERS

Pete Milonas

Pete Milonas, Minerals Director

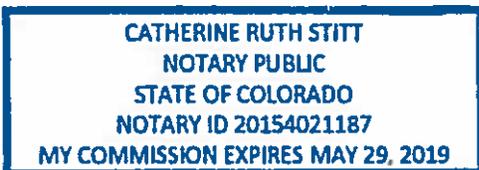
ATTEST

State of COLORADO

County of Denver

The foregoing instrument was acknowledged before me this 9th day of October, 2015 by Pete Milonas, in his capacity as Minerals Director of Colorado State Board of Land Commissioners, as being authorized to execute same.

(SEAL)



Notary Public Catherine R. Stitt

My Commission Expires May 29, 2019

LESSEE



Adam Sarvey, Agent/Landman, 8 North, LLC

ATTEST

State of Colorado

County of Denver

The foregoing instrument was acknowledged before me this 9th day of October, 2015.

By Adam Sarvey as being authorized to execute same.

(SEAL)



Notary Public Catherine R. Stitt

My Commission Expires May 29, 2019

SURFACE USE AGREEMENT
OM 109947

EXHIBIT A
PROPERTY

EXHIBIT B
OPERATIONS, OPERATIONS AREA AND ACCESS CORRIDOR(S)

EXHIBIT C
PAYMENTS

EXHIBIT D
CONSULTATION
DESIGN MEASURES AND BMPs

EXHIBIT E
RECLAMATION

Exhibit A

QtrQtr
NENW

Section
36

Township
12N

Range
62W

Exhibit B

SILVERBACK 36-A PAD ACCESS ROAD MAP



From Hereford, CO: From the intersection of Broadway and Weld CR 136,
 Drive East on Weld CR 136 for ±1.6 miles and turn right on Proposed Access Road for ±290 feet to proposed well pad location.
 Total distance from Hereford, CO to proposed well pad location is ±1.6 miles.

Legend	
	Proposed Well
	Proposed Access Road
	Public Road

Reference Location
 ** SILVERBACK 2 **
 Lat: 40.972551°
 Long: -104.272114° (NAD83)
 Elevation: 5282 Feet
 300' FNL & 1435' FWL
 PDOP: 2.1
 Operator: Charlie Scott
 PREPARED FOR:

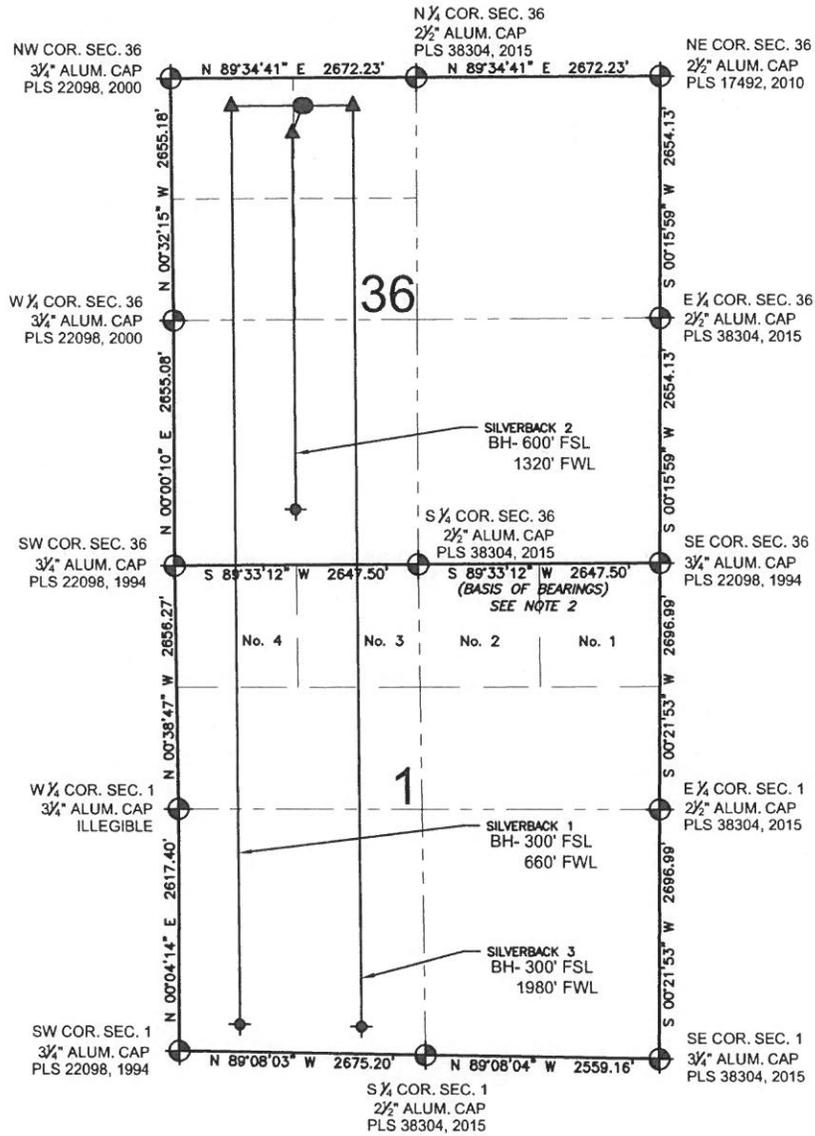


FIELD DATE:
09-30-15
 DRAWING DATE:
10-02-15
 BY: CSG
 CHECKED BY: TJN

SITE NAME:
SILVERBACK 36-A PAD
 SURFACE LOCATION:
NE1/4 NW1/4 SEC. 36, T12N, R62W, 6TH P.M.
 WELD COUNTY, COLORADO



SILVERBACK 36-A PAD MULTI-WELL PLAN



LEGEND

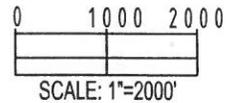
- ⊕ = EXISTING MONUMENT ⊕ = BOTTOM HOLE
- = CALCULATED POSITION ◆ = EXISTING WELL
- = PROPOSED WELL LP = LANDING POINT
- ▲ = LANDING POINT BH= BOTTOM HOLE

NOTES:

1. THIS FIELD SURVEY CONFORMS TO THE MINIMUM STANDARDS SET BY THE C.O.G.C.C., RULE NO. 215
2. BEARINGS AND DISTANCE SHOWN HEREON ARE GRID AND BASED ON THE COLORADO STATE PLANE COORDINATE SYSTEM, NAD 83/2011 BETWEEN MONUMENTS AS LABELED HEREON AND ELEVATIONS SHOWN ARE NAVD 88, AS DERIVED BY GPS OBSERVATIONS.
3. GRID DISTANCES ARE SHOWN, AS MEASURED IN THE FIELD, WITH TIES TO WELLS MEASURED PERPENDICULAR TO SECTION LINES.

NOTES:

- SILVERBACK 1 TO BE AT 300' FNL, 1407' FWL.
- BOTTOM HOLE AT 300' FSL & 660' FWL, SEC 1, T11N, R62W.
- SILVERBACK 2 TO BE AT 300' FNL, 1435' FWL.
- BOTTOM HOLE AT 600' FSL & 1320' FWL.
- SILVERBACK 3 TO BE AT 300' FNL, 1463' FWL.
- BOTTOM HOLE AT 300' FSL & 1980' FWL, SEC 1, T11N, R62W.



PREPARED BY:



FIELD DATE:
09-30-15

DRAWING DATE:
10-01-15

BY: JWJ CHECKED BY: KAD

SITE NAME:
SILVERBACK 36-A PAD

SURFACE LOCATION:
NE 1/4 NW 1/4 SEC. 36, T12N, R62W, 6TH P.M.
WELD COUNTY, COLORADO

PREPARED FOR:



Form 2A Cultural Distance Information

Pad Name: Silverback 36-A

Date: 10/2/2015

Distance to nearest:	Distance	Direction	Feature Measured From*
Building:	1068	NW	Separator
Building Unit:	1225	NW	Separator
High Occupancy Building Unit:	5280	SE	ECD
Designated Outside Activity Area:	5280	SW	Separator
Public Road:	69	N	VRU
Above Ground Utility:	1547	NW	Separator
Railroad: Feet	5280	SW	Separator
Property Line:	53	N	VRU

Distance to nearest:	Distance	Direction	Feature Measured From*
Building:	1110	NW	Proposed Well Silverback 1
Building Unit:	1271	NW	Proposed Well Silverback 1
High Occupancy Building Unit:	5280	SE	Proposed Well Silverback 3
Designated Outside Activity Area:	5280	SW	Proposed Well Silverback 1
Public Road:	286	N	Proposed Well Silverback 1
Above Ground Utility:	1586	NW	Proposed Well Silverback 1
Railroad: Feet	5280	SW	Proposed Well Silverback 1
Property Line:	270	N	Proposed Well Silverback 1

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well or edge of nearest Production Facility to nearest of each cultural feature as described in Rule 303.b.(3)A.
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100-Series Rules.

** Enter the name of the well or edge of the facility that measurement was made from*

Form 2 Cultural Distance Information

Pad Name: Silverback 36-A

Date: 10/2/2015

Well Name: Silverback 1

Distance to nearest:	Distance	Direction
Building:	1110	NW
Building Unit:	1271	NW
High Occupancy Building Unit:	5280	SE
Designated Outside Activity Area:	5280	SW
Public Road:	286	N
Above Ground Utility:	1586	NW
Railroad: Feet	5280	SW
Property Line:	270	N

Well Name: Silverback 2

Distance to nearest:	Distance	Direction
Building:	1133	NW
Building Unit:	1293	NW
High Occupancy Building Unit:	5280	SE
Designated Outside Activity Area:	5280	SW
Public Road:	286	N
Above Ground Utility:	1609	NW
Railroad: Feet	5280	SW
Property Line:	270	N

Well Name: Silverback 3

Distance to nearest:	Distance	Direction
Building:	1156	NW
Building Unit:	1316	NW
High Occupancy Building Unit:	5280	SE
Designated Outside Activity Area:	5280	SW
Public Road:	286	N
Above Ground Utility:	1633	NW
Railroad: Feet	5280	SW
Property Line:	270	N

INSTRUCTIONS:

- All measurements shall be provided from center of nearest Well to nearest of each cultural feature as described in Rule 303.a.(5).
- Enter 5280 for distance greater than 1 mile.
- Building - nearest building of any type. If nearest Building is a Building Unit, enter same distance for both.
- Building Unit, High Occupancy Building Unit, and Designated Outside Activity Area - as defined in 100 Series Rules.

** Enter the name of the well or edge of the facility that measurement was made from*

SILVERBACK 36-A PAD LOCATION DRAWING



- 1. Proposed Well SILVERBACK 1.
- 2. Proposed Well SILVERBACK 2.
- 3. Proposed Well SILVERBACK 3.
- 4. Proposed Separator Pad.
- 5. Proposed Tank Battery.
- 6. Operational Disturbance Area.
- 7. Private Road is ±461' NE.
- 8. Fences are ±344' N, ±426' NE, and ±514' NE.
- 9. Proposed Access Road.
- 10. Public Road (Weld CR 136) is ±286' N.
- 11. Existing Airstrip is ±588' NW.
- 12. 500' Buffer.

Legend

- Proposed Well
- Disturbance Area
- 500' Radius
- Proposed Tank Battery
- Proposed Separator Pad
- Existing Airstrip
- Public Road
- Private Road
- Proposed Access Road
- Fence

Measured from Nearest Well or Facility

Building -	±1068' NW
Building Unit -	±1225' NW
Public Road - (Weld CR 136)	±69' N
Prop. Line (Weld CR 136 ROW)	±53' N
Utility (Power Line) -	±1547' NW
Railroad -	±5280' SW

Measured from Nearest Edge of Disturbance Area	
Surface Water (Seasonal Pond) -	±2716' NE

Measured from Nearest Well	
Water Well - ±1038' NW	SWL = 0'
Permit: 124439	Receipt: 0223139
Water Well - ±1844' NE	SWL = 35'
Permit: 13183	Receipt: 9061502

Reference Location

**** SILVERBACK 2 ****
 Lat: 40.972551°
 Long: -104.272114° (NAD83)
 Elevation: 5282 Feet
 300' FNL & 1435' FWL
 PDOP: 2.1
 Operator: Charlie Scott

Disturbance Acreage:

4.95 Acres Drilling Operations
 2.47 Acres Interim Reclaim

Current Surface Use: Dry Land Crop
 Future Surface Use: Dry Land Crop



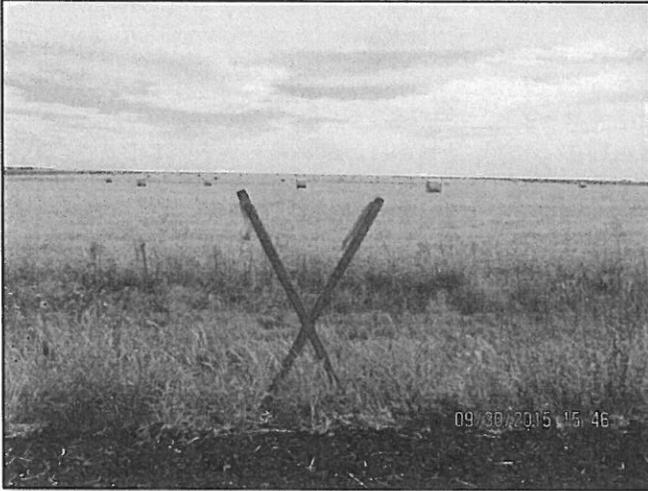
FIELD DATE:
09-30-15
 DRAWING DATE:
10-01-15
 BY: CSG
 CHECKED BY: TJN

SITE NAME:
SILVERBACK 36-A PAD
 SURFACE LOCATION:
NE1/4 NW1/4 SEC. 36, T12N, R62W, 6TH P.M.
 WELD COUNTY, COLORADO

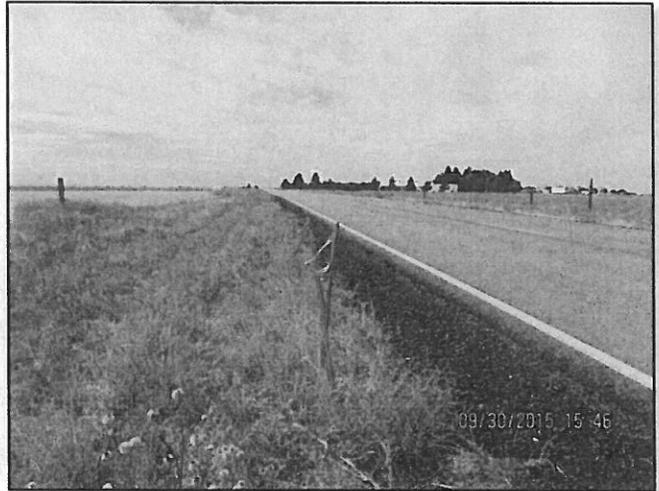
PREPARED FOR:



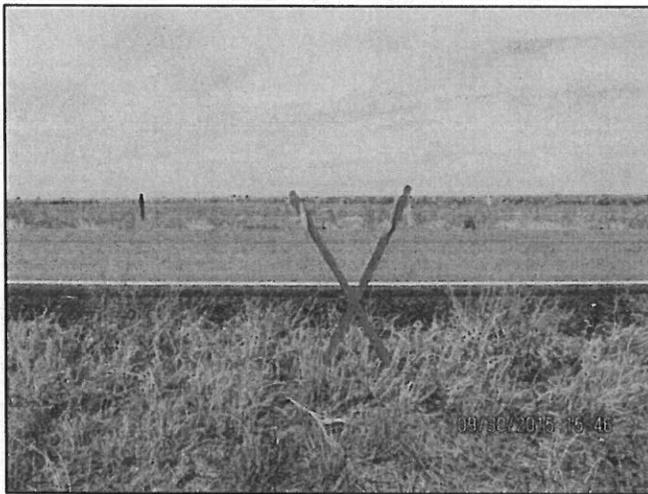
ACCESS ROAD PHOTOS



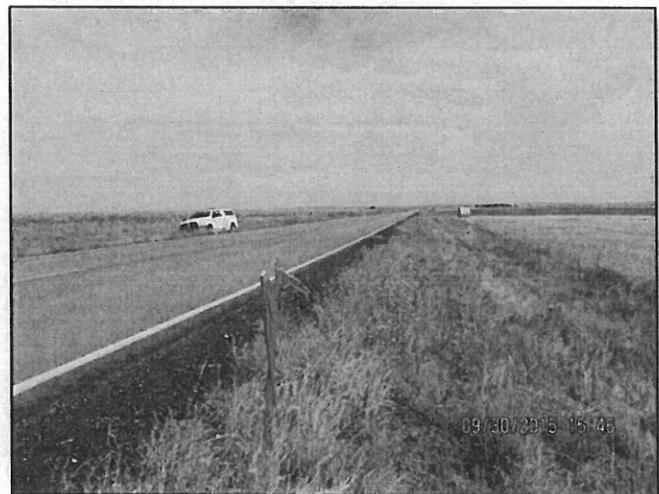
Looking from the roadway into the access location



Looking down the roadway to the left of the access



Looking from the access to the roadway



Looking down the roadway to the right of the access

Well Pad Name: SILVERBACK 36-A PAD

Operator: EXTRACTION OIL & GAS, LLC

Access Location: T12N R62W S36 NE1/4 NW1/4

Date Taken: 09/30/2015

LAT: 40.973330 LONG: -104.271739



7535 Hilltop Circle
Denver, CO 80221
(303) 928-7128
www.Petro-fs.com



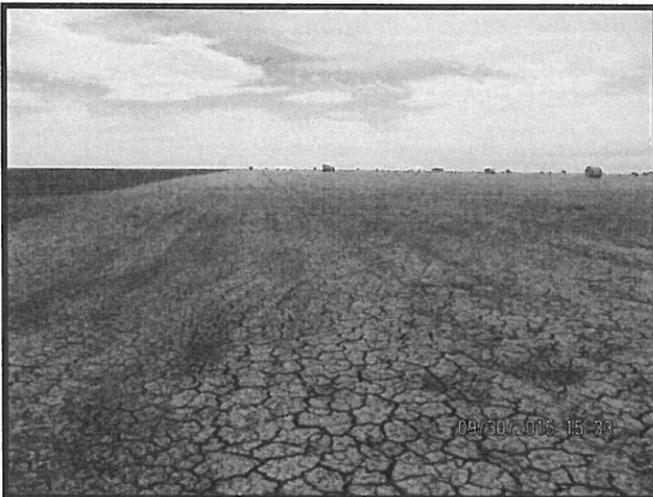
REFERENCE PHOTOS



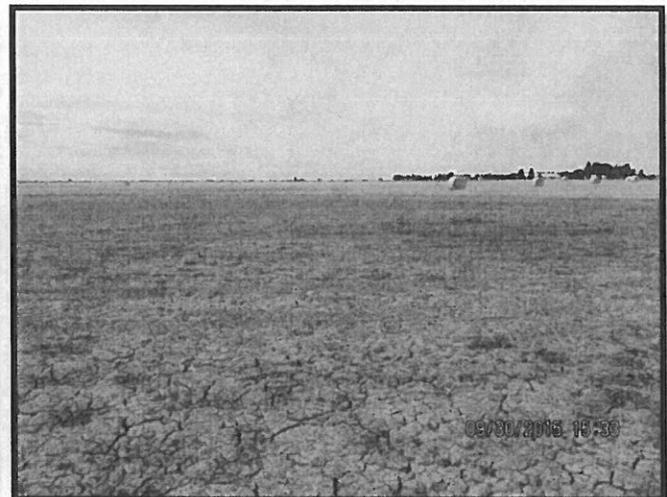
Looking North



Looking East



Looking South



Looking West

Well Pad Name: SILVERBACK 36-A PAD

Operator: EXTRACTION OIL & GAS, LLC

Location: T12N R62W S36 NE1/4 NW1/4

Date Taken: 09/30/2015

EXTRACTION
Oil & Gas

7535 Hilltop Circle
Denver, CO 80221
(303) 928-7128
www.petro-fs.com



LOCATION PHOTOS



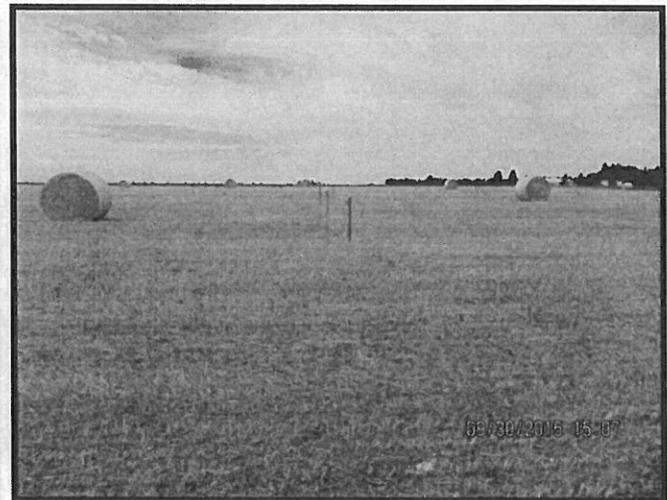
Looking North



Looking East



Looking South



Looking West

Well Pad Name: SILVERBACK 36-A PAD

Operator: EXTRACTION OIL & GAS LLC

Location: T12N R62W S36 NE1/4 NW1/4

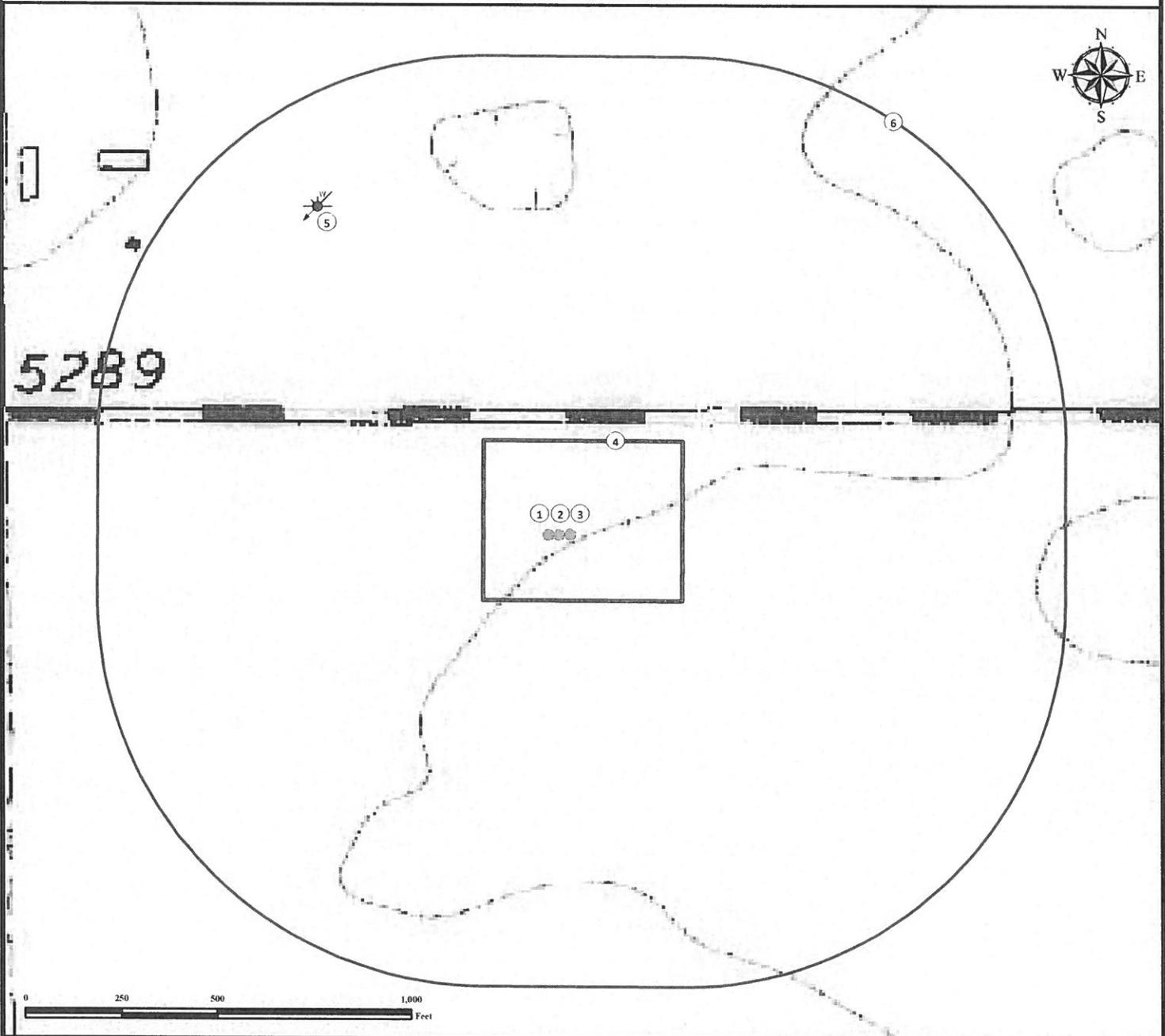
Date Taken: 09/30/2015



7535 Hilltop Circle
Denver, CO 80221
(303) 928-7128
www.petro-fs.com



SILVERBACK 36-A PAD HYDROLOGY MAP



All measurements are made from the closest edge of disturbance area.

1. Proposed Well SILVERBACK 1.
2. Proposed Well SILVERBACK 2.
3. Proposed Well SILVERBACK 3.
4. Operational Disturbance Area.
5. Water Well (Permit #124439) is ±739' NW.
6. 1000' Radius.

Legend

- Proposed Well
- Disturbance Area
- Water Well
- 1000' Radius



FIELD DATE:
09-30-15
DRAWING DATE:
10-02-15
BY: CSG
CHECKED BY: TJN

SITE NAME:
SILVERBACK 36-A PAD
SURFACE LOCATION:
NE1/4 NW1/4 SEC. 36, T12N, R62W, 6TH P.M.
WELD COUNTY, COLORADO

PREPARED FOR:



NENW 36 12N 62W

Approval to construct this location was given on 10/9/15. The onsite visit was conducted on 5/29/15 and there are no associated stipulations with the oil and gas lease.

Steve Freese

By:  _____

Date: 10/9/15 _____

Exhibit D

Adam Sarvey

From: Schreiner - DNR, Tom <tom.schreiner@state.co.us>
Sent: Tuesday, July 14, 2015 7:28 AM
To: Adam Sarvey
Cc: Troy Florian - DNR; Mark Leslie - DNR; Tom Kroening - DNR; Janet George - DNR
Subject: Re: CPW Eco/Bio Release

Adam,

Thank you for Extraction's inquiry. There are no mapped sensitive wildlife habitats in Section 36 per COGCC wildlife maps. However, our local wildlife officer has indicated there is concern for mountain plovers, a species of state special concern. Mountain plovers are known to be in the general area of Extraction's proposed oil/gas development, and typically seek out cultivated agricultural fields and/or sparsely covered areas with less than 30% vegetative cover for nesting. Colorado Parks & Wildlife (CPW) recommends that Extraction conduct biologically certified pre-disturbance ground nesting surveys for active mountain plover nests IF your planned activities will include ground breaking activities or other surface disturbance during spring and early summer. CPW further recommends no surface occupancy within 300 feet of active mountain plover nest sites until young are hatched and independent of the nest. CPW can provide recommended survey protocols if needed, and upon request.

On Mon, Jun 29, 2015 at 3:18 PM, Adam Sarvey <asarvey@extractionog.com> wrote:

Tom,

Extraction Oil & Gas is planning to develop 2 – 4 ac. Well pads in sec. 36 of T12N, R62W. Both of these well pads are within a current agriculture cropland area. Our 2 pads will begin approx.. 75 ft. south from Weld Co Road 136 to the north. Per the CO state land board requirements, we need CPW to sign off on this plan stating they have reviewed and okayed the site for development. An email or simple letter back to Extraction is sufficient.

If possible we need this correspondence back by mid next week (7/8/15). Please contact me with any questions. Thank you for your help.

Adam

Exhibit D

A desktop review was performed using the CNHP database that was last updated in May of 2013. Upon completion of the review it was determined that there are no issues of concern for Sect. 36 Twp 12N Rng 62W.



Date 10/9/15

Steve Freese
Mineral Field Technician
Colorado State Land Board