

## **SURFACE USE AGREEMENT**

THIS SURFACE USE AGREEMENT ("Agreement") dated effective January 4, 2016 (the "Effective Date"), is entered into by and between Donald G. Wacker ("Owner"), whose address is 27125 WCR 58.5, Greeley, CO 80631-9730, and PDC Energy, Inc., a Delaware Corporation ("Company"), whose address is 1775 Sherman Street, Suite 3000, Denver, Colorado 80203. Owner and Company may be referred to individually as a "Party" and collectively as the "Parties."

### **RECITALS**

WHEREAS, Owner owns an interest in the surface estate of the following described tract of land (the "Property"):

Township 5 North, Range 64 West, 6<sup>th</sup> P.M.  
Section 10: Part of NW/4  
Tax Parcel Number(s): 096310000034  
Weld County, Colorado

WHEREAS, The Parties have certain rights pursuant an oil and gas lease of the Property and Company owns certain oil and gas leasehold rights in the Property and/or lands pooled therewith by reason of such lease may reasonably conduct oil and gas operations, including the exploration, development, production, and transportation of oil, gas and associated hydrocarbons, relating to its oil and gas leasehold interests in the Property and/or lands pooled therewith (the "Operations"); and

WHEREAS, Company and Owner desire to enter into this Agreement to set forth the Parties' rights and obligations relating to Company's use of the Property for its Operations, provided that this Agreement is a supplement to, but not in derogation of, the rights of the parties under existing oil and gas leasehold rights.

NOW THEREFORE, in consideration of the compensation to be paid to Owner as described herein, and other good and valuable consideration, as well as the mutual promises and covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

### **I. OIL AND GAS OPERATIONS**

1.1 Grant of Access. Owner hereby grants, demises and conveys to Company, and its designated agents, such use of the surface of the Property, such ingress, egress and access to, over and across the Property and such easements and rights-of-way on, over and across the Property as may be reasonable and necessary for Company's Operations, including, but not limited to, the right to (i) construct access roads, well pads, pits and berms, (ii) conduct seismic or other geophysical exploration, (iii) survey, drill, complete, recomple, operate, and plug and abandon the Wells, as hereinafter defined, (iv) install and operate any equipment and facilities associated with the Wells, including, but not limited to, electric lines and transformers, fittings, tanks, portable pumps, anchors, production facilities, gathering lines, pipelines, Modular Large Volume Storage Tanks

("MLVTs"), and temporary above ground waterlines, and (v) repair, replace, remove or reclaim any of the foregoing, provided, however, that except as otherwise expressly provided herein, all of such use, ingress, egress, access, easements and rights-of-way shall be limited to that portion of the Property located within the Oil and Gas Operations Area depicted on Exhibit A ("OGO A") or the existing access road shown on Exhibit A (the "Easements"). Any depiction of the Operations shown on Exhibit A is for illustrative purposes only and shall not bind Company with respect to the location or scope of its Operations within the OGO A or the Easements.

## **II. WELLS AND SUBSURFACE EASEMENT**

2.1 Wells. Company shall have the option to drill up to Eleven (11) wells on the Property within the OGO A (the "Wells"), and shall pay to Owner the sum of \_\_\_\_\_ per Well prior to the spudding of each Well; provided, however, that Company shall have no obligation to drill any Wells on the Property and the decision to drill a Well shall be at the sole discretion of Company. The Wells may be directional or horizontal Wells that produce from and drain lands other than the Property, provided such other lands are validly pooled with all or any portion of the lands covered by Company's oil and gas leasehold rights covering the Property. A preliminary list of the Wells is attached hereto as Exhibit B for reference. Company may, at its discretion, change the well name of any Well in accordance with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC"), and provide Owner with a Sundry Notice regarding any Well name change. Once Owner is provided with a Sundry Notice, Exhibit B shall be considered amended in accordance with the revised well name. Any final determination of Well names may be found at the records of the COGCC.

2.2 Subsurface Easement. Owner hereby grants to Company a subsurface easement in and under the Property for the passage of any portion of any Well and all appurtenant structures, including, but not limited to, the wellbore, well casing, production tubing and cement, provided that the subsurface easement shall be for the purpose of producing oil, gas and associated hydrocarbons from Company's oil and gas leasehold interest covering the Property and lands pooled therewith. The subsurface easement hereby granted includes the right to occupy and use the subsurface and the subsurface pore space in and under the Property displaced by the Wells and all appurtenant structures. This subsurface easement shall run with the Property and shall terminate with this Agreement, provided, however, some underground appurtenances, including, but not limited to, the wellbore, well casing, production tubing and cement shall be allowed to remain in place following termination of this Agreement. Notwithstanding anything to the contrary in this paragraph, the subsurface easement shall not include the rights for underground gas storage, sequestration of any substances, third-party gathering lines, or underground disposal of waste.

## **III. RELEASE AND INDEMNIFICATION**

3.1 The consideration herein provided is acknowledged by Owner as sufficient consideration for the rights herein granted to Company and is in full satisfaction of the right of way to locate Operations plus any present or future crop loss or damages to the Property caused or created by the reasonable and customary entry, use and exercise of the rights and Easements granted herein, but does not include damage to personal property or to improvements on the



Property, such as damage to fences, gates, culverts and livestock, growing crops, damages resulting from a violation of the provisions hereof, damages to real or personal property outside of the OGOA or negligence by Company or its employees and independent contractors and for other such extraordinary losses or physical damages caused by Company ("Extraordinary Damages"). Company shall promptly compensate Owner for said Extraordinary Damages. Any failure to reach mutual agreement with respect to such compensation shall not, however, be deemed to constitute a breach or abrogation of this Agreement, nor to terminate or diminish the grants, conveyances, rights and obligations contained herein.

3.2 Except as expressly provided below, Owner hereby releases and discharges Company, its agents, employees, contractors and licensees from and against any and all claims by Owner for damages to the Property, of whatsoever nature and character, including, but not limited to, crop loss or diminution in value of the Property, arising from, incident to, or in connection with Company's Operations on the Property or lands pooled therewith, so long as such Operations are conducted in accordance with this Agreement.

3.3 Company hereby agrees to release, discharge, indemnify and hold Owner harmless from and against any and all third party claims, losses, liability, damages, and causes of action for personal injury or property damage arising out of Company's Operations, unless, and to the extent that, the negligence of Owner, or any invitee or guest of Owner not related to Company's Operations, causes or contributes to such third party claims.

#### **IV. GENERAL OPERATIONAL REQUIREMENTS**

4.1 Use of Property. Company shall construct its roads and pipelines within the Easements, and otherwise confine its Operations to the OGOA, except in the event of an emergency, or for reasonable incidental and temporary activities, provided that Company shall be responsible for any physical damage to the Property that may be caused by such emergency or temporary activities.

4.2 Non-Exclusive Use. The Easements granted herein shall be non-exclusive to Company, provided that Owner reserves the right to use any pre-existing access roads on the Property provided that, in any event, such use by Owner does not interfere with or impair Company's Operations. The Parties acknowledge that the existing access road (herein "Easements") along the Ogilvy Ditch is used to clean and maintain as well as monitor and control the ditch flow and in connection therewith all parties will endeavor to allow use by such other parties without impairing their required and necessary use.

4.3 Access to OGOA. Neither Owner nor any third party shall have the right to access the OGOA without the prior consent of Company, which may be withheld by Company in its sole discretion. In the event Company consents, access of the OGOA shall be at the sole risk of such Owner or third party.

4.4 Pipelines and MLVTs. Company may assign or delegate to a third party the right to install and operate pipelines in order to connect the Wells to a gas or liquids gathering system. Additionally, Company may assign or delegate to a third party the right to install and dismantle

temporary above ground water lines and MLVTs, provided that the installation, operation and dismantling of any MLVTs shall comply with any applicable requirements as set forth by the COGCC. Such assignment and or delegation shall not diminish obligations of liabilities of Company.

4.5 Notice to Tenant. Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops or surface improvements which could be affected by Company's Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other such party resulting from Company's Operations shall be settled by Owner, and Owner hereby agrees to release, discharge, indemnify and hold Company harmless from and against any such claims.

4.6 Conduct of Operations and Reclamation. Company agrees to conduct its operations and perform all reclamation in accordance with the rules and regulations of the COGCC, unless a variance is granted by the COGCC upon the request of Owner. Company shall endeavor to keep the OGOA, the pipeline easement, and access easements free of weeds and debris and to control erosion.

4.7 Notice of Commencement of Operations. Commencement of Operations involving heavy equipment is estimated to begin in 4<sup>th</sup> Quarter, 2016. In the event Operations have not commenced by such date, Company shall provide Owner with advance written notice of the new estimated commencement date of Operations. Owner acknowledges that the notice provided by this paragraph shall satisfy all COGCC requirements that Owner be given advance notice by Company of the proposed Operations and Owner hereby waives the right to receive separate notice. Owner acknowledges receiving from Company a brochure prepared by the COGCC which describes the rights and responsibilities of Owner as a surface owner.

4.8 COGCC Consultation. **Owner acknowledges and agrees that Company has consulted in good faith with Owner as to its proposed Operations, in accordance with COGCC requirements, or, in the alternative, hereby waives such requirements. Owner expressly waives the application of any COGCC setback within the OGOA, inconsistent with this Agreement. The Parties further agree as follows:**

a. Company will provide Owner with the COGCC Form 2A for the OGOA ("Oil and Gas Location Assessment") upon submission to the COGCC, and Company undertakes 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, and 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"); and

c. Owner shall not oppose Company in any COGCC or other governmental proceedings related to Company's Operations, including, but not limited to, permitting, formation of drilling units, well spacing, pooling, drilling, completion, stimulation, re-stimulation,



workovers, deepening and recompleting, provided that Company's position in such proceedings is consistent with this Agreement.

4.9 **Reasonable Accommodation.** Owner expressly acknowledges and agrees that this Agreement shall be deemed to be specifically applicable to, and shall fully satisfy, the obligation of Company to reasonably accommodate Owner's use of the surface of the Property, including both existing and future use, and Owner expressly waives any statutory or common law claim to the contrary.

4.10 **Notice of Agreement, Recording and Confidentiality.** Owner agrees to include a note on any annexation, subdivision plat, planned unit development or other land use designation for which Owner may apply to put successors or assigns on notice that the Property is subject to this Agreement. Further, the Parties agree that either shall provide a copy of this Agreement to any successor in interest of the Property and/or successor in oil and gas leasehold rights in the Property. In addition, Company agrees to record a mutually agreeable Memorandum of this Agreement. Upon termination of this Agreement, Company shall record a termination and release of this Agreement. In all other respects, the provisions and terms of this Agreement shall be strictly confidential.

## V. **MISCELLANEOUS**

5.1 **Governing Law.** This Agreement shall be subject to, and construed under, the laws of the State of Colorado, and the County of Weld, without regard to its conflict of law provisions, and jurisdiction and venue shall be solely in the courts of the State of Colorado, subject to the right of either Party to remove a matter to federal court.

5.2 **Proportionate Reduction.** Any compensation due to Owner under this Agreement shall be proportionately reduced by the percentage of Owner's fee ownership of the Property.

5.3 **Interpretation.** In construing this Agreement, no consideration shall be given to the fact or presumption that one Party has had a greater or lesser hand in drafting this Agreement than the other Party.

5.4 **Authority to Execute.** Each of the undersigned principals of the Parties represents and warrants that such person has the requisite corporate or legal authority to bind the respective Parties to this Agreement. Further, Owner represents that Owner is lawfully entitled to receive payments due under this Agreement.

5.5 **No Liens.** Owner represents and warrants that as of the date of this Agreement, there are no defaults with respect to any assessment(s), deed(s) of trust, mortgage(s), services, taxes, utilities or other interests related to the Property. Owner shall pay as and when due all amounts Owner (or any person acting on behalf of, by, or through Owner) owes for or in connection with any assessments, taxes or governmental charges of any kind that may at any time be lawfully assessed or levied against the Property; encumbrances; leases; mortgages; deeds of trust; other security interests; services; utilities or other interests related to the Property and/or that may create an interest in the Property. Owner shall satisfy all non-monetary obligations of Owner

associated with such matters, failing which Company may (but shall have no obligation to) pay such amounts and/or perform such obligations. In order to enable any such potential payment or performance by Company, Owner agrees to give Company notice of any Owner default in connection with the payment or performance of Owner's obligations pursuant this paragraph. Company shall when possible give Owner notice before paying such amounts or performing such obligations. In the case of such payment or performance by Company, Owner shall, within sixty (60) days after notice from Company, reimburse Company for the amount of such payment and/or the cost of such performance, or, at Company's option, Company may offset the amounts paid or costs incurred against sums to be paid Owner under this Agreement.

5.6 Lien Waiver. Owner waives any and all lien rights it may now or later have in equipment installed on the Property pursuant to Company's Operations. Owner agrees to keep the Property free and clear of liens and shall immediately notify Company if it becomes aware of any liens filed against the Property.

5.7 Notice. Any notice, inquiry, or communication required or permitted under this Agreement may be sent to the Parties as set forth below. Any communication or delivery shall be deemed to have been duly made and the receiving party charged with notice (i) if personally delivered, when received, (ii) if sent by telecopy or facsimile transmission, when received, (iii) if mailed, five (5) business days after mailing, certified mail, return receipt requested, or (iv) if sent by overnight courier, one business day after sending. All notices shall be addressed as follows:

To Owner:

|               |  |
|---------------|--|
| To:           | Donald G. Wacker                         |
| Address:      | 27125 WCR 58.5<br>Greeley, CO 80631-9730 |
| Phone Number: | (970) 371-5322                           |
| Fax Number:   |  |

To Company:

|                        |                                       |
|------------------------|---------------------------------------|
| To:                    | PDC Energy, Inc.                      |
| Department to Contact: | Evans Land                            |
| Address:               | 3801 Carson Avenue<br>Evans, CO 80620 |
| Phone Number:          | 970-506-9272                          |
| Fax Number:            | 970-506-9276                          |
| Email:                 | land@pdce.com                         |

**Toll Free 24-Hour Emergency Phone Number: 1-877-350-0169**

The Parties shall be responsible for providing notice of any changes to the information provided above.



5.8 Term. This Agreement shall be effective as of the Effective Date and shall remain in full force and effect until Company's leasehold estate expires or is terminated, and Company has plugged and abandoned the Wells and conducted reclamation in accordance with applicable COGCC rules and regulations, except that any release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement.

5.9 Default and Termination. In the event of the failure by Company to timely make any payment required under this Agreement or to otherwise comply with all terms of this Agreement, Owner shall notify Company in writing of the failure. Company shall then have thirty (30) days after receipt of the notice to cure the default.

5.10 Successors. This Agreement shall extend to, bind and inure to the benefit of the Parties and their respective heirs, personal representatives, successors and assigns. The rights and obligations contained herein shall constitute covenants running with the Property.

5.11 Entire Agreement. This Agreement sets forth the entire understanding among the Parties hereto regarding the matters addressed herein, and supersedes any previous communications, representations or agreement, whether oral or written. In the event the terms of this Agreement conflict with any Oil and Gas Lease between the Parties, the terms of this Agreement shall control to the extent of such conflict. This Agreement shall not be amended, except by written document signed by the Parties.

5.12 Severability. If any provision of this Agreement is illegal, invalid, or unenforceable under present or future laws, then, and in that event, it is the intention of the parties that the remainder of this Agreement shall not be affected.

5.13 Counterparts. This Agreement may be executed by the Parties in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument. Electronically delivered signatures shall be considered binding and deemed to be original counterparts for all purposes.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year as written in the acknowledgements to be effective as of the Effective Date.

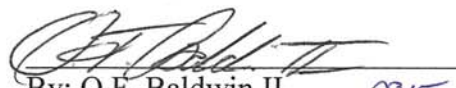
**OWNER:**



By: Donald G. Wacker

**COMPANY:**

PDC Energy, Inc.



By: O.F. Baldwin II  
Title: Vice President Land



# EXHIBIT "A" Page 1 of 2

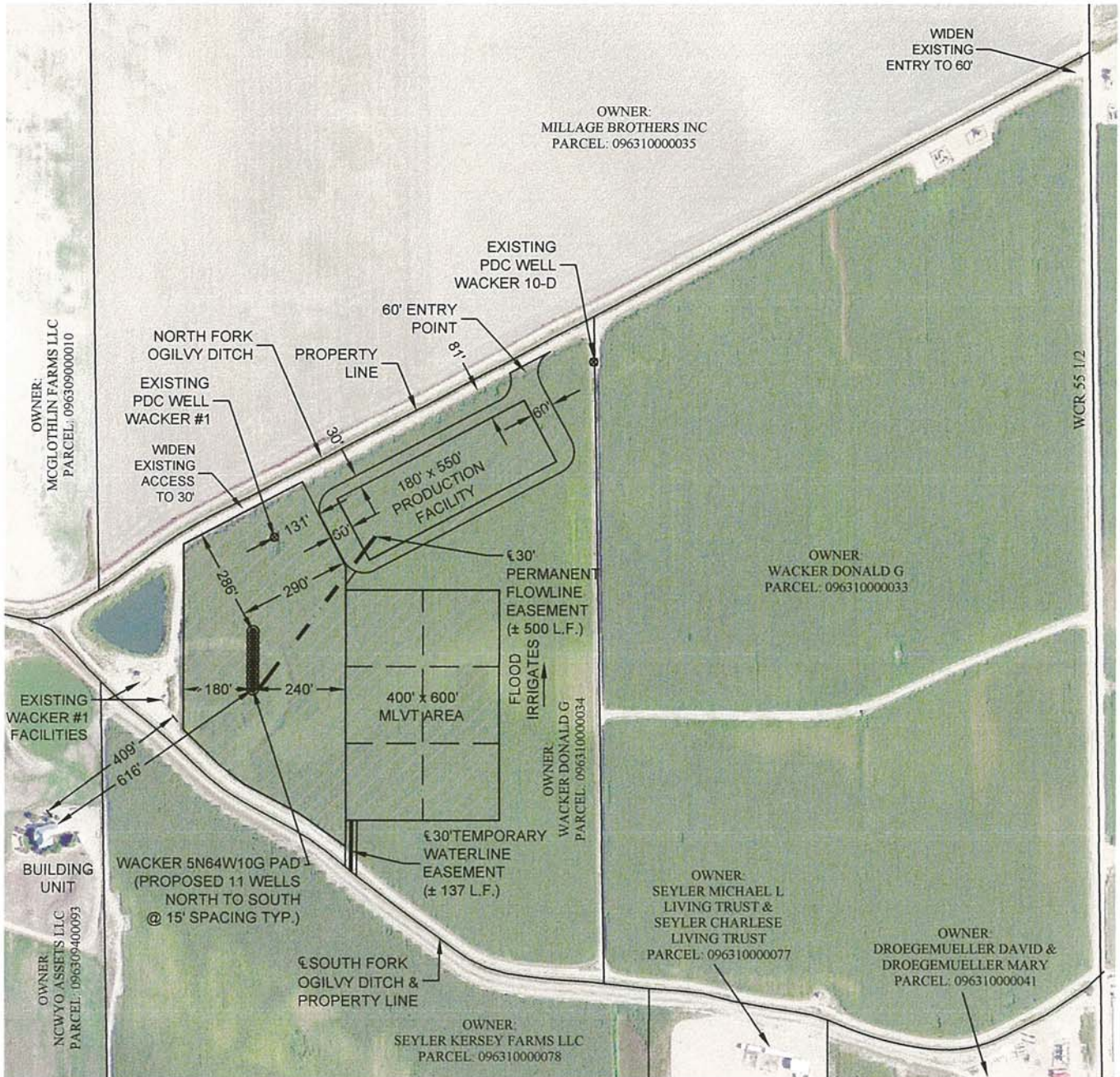
This Exhibit "A" is attached and made a part of that certain Surface Use Agreement  
by and between Donald G. Wacker, Owner, and PDC Energy, Inc., Company.

Township 5 North, Range 64 West, 6th P.M.

Section 10: NW ¼  
Weld County, Colorado

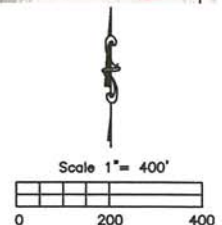
By: *Donald G. Wacker*  
Donald G. Wacker

Date: *1-4-16*



Washburn Land Surveying  
www.WashburnSurveying.com  
970-232-9645

- //// OIL & GAS OPERATIONS AREA = ± 16.3 ACRES
- APPROXIMATE PERMANENT FLOWLINE EASEMENT
- APPROXIMATE TEMPORARY WATERLINE EASEMENT



DATE: 12-20-15 SHEET 1 OF 2



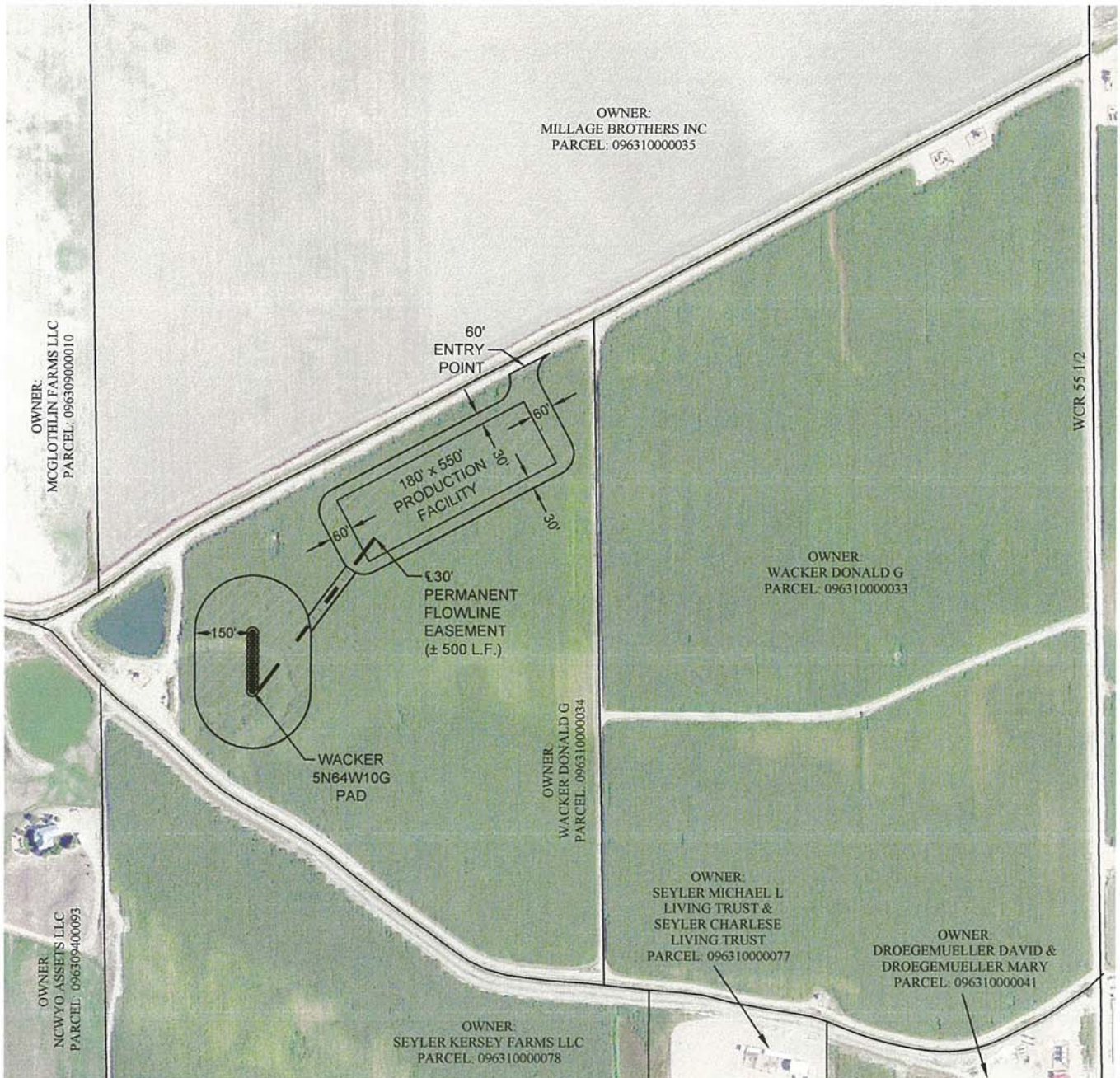
EXHIBIT "A" Page 2 of 2

This Exhibit "A" is attached and made a part of that certain Surface Use Agreement  
by and between Donald G. Wacker, Owner, and PDC Energy, Inc., Company.

Township 5 North, Range 64 West, 6th P.M.

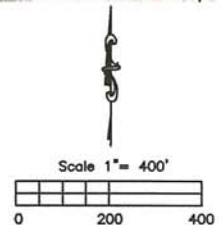
Section 10: NW ¼  
Weld County, Colorado

By: Donald G. Wacker Date: 1-4-16  
Donald G. Wacker



Washburn Land Surveying  
www.WashburnSurveying.com  
970-232-9645

 OIL & GAS PERMANENT DISTURBANCE = ± 6.5 ACRES  
 APPROXIMATE PERMANENT FLOWLINE EASEMENT



DATE: 12-20-15 SHEET 2 OF 2

**Exhibit B**  
**"Wells"**

Well Name: Wacker 10G-302  
Wacker 10G-212  
Wacker 10G-312  
Wacker 10F-232  
Wacker 10F-302  
Wacker 10G-304  
Wacker 10G-214  
Wacker 10G-314  
Wacker 10F-234  
Wacker 10F-304  
Wacker 10F-204