



STATE OF COLORADO
STATE BOARD OF LAND COMMISSIONERS

SURFACE USE AGREEMENT
OM 110803

Non-State and Pooled or Communitized Minerals

THIS SURFACE USE AGREEMENT ("Agreement"), dated this 27th day of November, 2016, ("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 Land Board", and BONANZA CREEK ENERGY OPERATING COMPANY, LLC, whose address BONANZA CREEK ENERGY OPERATING COMPANY, LLC 410 17TH STREET SUITE 1400 DENVER CO 80202, herein called the "Operator"

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

Subdivision NW, Section 26, Township 5N, Range 63W

WHEREAS, the State Land Board acknowledges that 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 Land Board and the Operator, together also herein be called the "Parties", 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 Land Board and the Operator agree as follows:

1. Surface Rights

The State Land Board agrees to allow the Operator reasonable use of a portion of the Property to build well pad(s), tank batteries, access roads(s), construct pipelines, flowlines, gathering lines and powerlines; and to drill, complete, produce and operate vertical, directional or horizontal wells (the "Operations") Operations on the Property shall be confined to a limited portion of the surface of the Property exclusively reserved for Operations (the "Operations Area"), together with an "Access Corridor," as necessary, for access roads and associated lines, containing 10.5 acres which is further identified on Exhibit A. The Operator shall have the exclusive right to utilize the Operations Area provided the State Land Board may use the balance of the Property and the Access Corridor for State Land Board purposes that do not materially interfere with Operations. Furthermore, the Operator shall have the right to access and use the Property in "Emergency Situations" Emergency Situations is defined as situations that require immediate attention in order to protect human life or prevent further degradation of the land

2. Sub-surface Easement

To the extent the State Land Board owns the sub-surface rights underlying the Property, the State Land Board hereby grants the Operator a sub-surface easement for passage of any portion of the directional or horizontal wellbore for a well located on the Operations Area through the State Land

2611-SUA

Board owned sub-surface. If a wellbore from a well located on the Operations Area leaves the sub-surface boundaries of one State Land Board oil and gas lease and enters lands covered under a separate oil and gas lease or leases, the State Land Board grants an easement to allow the wellbore to travel and produce from all applicable leases, provided such easement does not conflict with the terms of or interfere with the operations of any State Land Board lease now in effect, or that may be granted in the future. This sub-surface easement only provides access rights for production, Operator must reach agreement with the appropriate lessee to have any rights to produce the oil and gas from separate oil and gas leases.

3. Term

This Agreement shall have a primary term of three (3) years (the "Primary Term") and shall continue for so long thereafter as any well utilizing the Operations Area continues to produce oil or gas. If after the expiration of the Primary Term of this Agreement, production from all wells utilizing the Operations Area should cease for any cause for a period of more than two (2) years, the State may terminate this Agreement, provided that the Operator may request annual one-year extensions to this Agreement by (i) providing evidence of compliance with COGCC Rule 326.B Mechanical Integrity Testing for Shut-in Wells, which may be in the form of COGCC Form 21 Mechanical Integrity Test and, (ii) paying the State Land Board, in addition to the Annual Payment, \$1,000 per acre of the Operations Area.

If the Operator fails to commence Operations on the Operations Area during the Primary Term by established production from wells located on the Operations Area or from off-site wells utilizing facilities located on the Operations Area, this Agreement will terminate at the end of the Primary Term.

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 Colorado Oil and Gas Conservation Commission (the "COGCC") regulations then in effect, and to the reasonable satisfaction of the State Land Board.

Agreement extensions in the absence of oil or gas production or in the event that the Operator fails to comply with 3.1 and 3.2 above may be granted at the sole discretion of the State Land Board.

4. Indemnification

The Operator shall indemnify and hold the State Land Board, including without limitation all State Land Board officers, agents, employees and Board members (collectively "Board Indemnitees") 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 Board Indemnitees' gross negligence or willful misconduct. The Operator further covenants and agrees to defend any suits brought against the State Land Board on any Claims, and to pay any judgment against the State Land Board resulting from any suit or suits, together with all costs and expenses relating to any claims, including reasonable attorney's and expert fees, arising from the Operator's Operations on the Property, or other land owned by the State Land Board, except to the extent such Claims arise from the State Land Board's gross negligence or willful misconduct. The State Land Board, 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 without relieving the Operator of the

This Agreement may be executed in duplicate counterparts, each of which shall be considered an original, but both of which shall constitute one and the same instrument. This agreement shall be binding on all signers whether or not signed by the other party

28 Rules and Laws

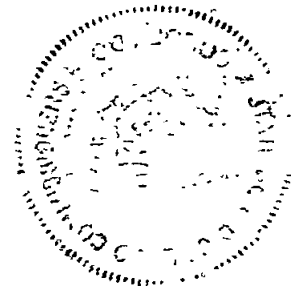
The terms and conditions of this Agreement shall be performed and exercised subject to all applicable federal, state, and local laws, rules, regulations, orders, local ordinances or resolutions applicable to and binding upon the administration of lands owned by the State of Colorado, and to laws, rules and regulations governing oil and gas operations in Colorado, including, but not limited to, the rules and regulations of the COGCC. The Operator must immediately forward any notice of noncompliance of violation related to Operations on the Property to the State Land Board. Should the Operator have a good faith dispute with any local government or authority, other than the State Land Board, regarding the application of a rule, regulation, ordinance, order or ruling, the State Land Board 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 Land Board shall approve all COGCC required waivers that are consistent with the terms of this Agreement and the Exhibit A Operations on the Operations Area. Waivers for operations outside of or in conflict with this Agreement may be approved at the State Land Board's absolute and sole discretion.

AGREED TO AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE

The State Land Board Colorado State Board of Land Commissioners

By: Christel Koranda
Printed Name: Christel Koranda
Title: Minerals Director



Operator: Bonanza Creek Energy Operating Company, LLC
By: Tyson Johnston *MEF*
Printed Name: Tyson Johnston
Title: Attorney-in-Fact