



## SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") is made and entered into on the date of execution of this Agreement and is made by and between Richmark Real Estate Partners, LLC, a Colorado limited liability company with an address of 5200 W 20<sup>th</sup> Street, Greeley, Colorado 80634 (referred to as "Richmark"), on the one hand, and Extraction Oil & Gas, LLC, a Delaware limited liability company with an address of 370 17th Street, Suite 5300, Denver, CO 80202 (referred to as "Extraction").

### **RECITALS**

WHEREAS, under a Ground Lease and Option to Purchase (the "Ground Lease") executed concurrently with this Agreement, Richmark is the sole lessee for oil and gas exploration, production and marketing activities conducted on the surface of a certain parcel of land located in Weld County, Colorado, as described in the Exhibit "A" attached hereto and made a part hereof (as such description may be amended from time to time under Section 6, the "Property");

WHEREAS, Extraction represents that it is a registered oil and gas operator in Colorado and owns certain leasehold interest in minerals that can be accessed and developed by the drilling of a well or wells from the Property; and

WHEREAS, Extraction and Richmark wish to set forth the terms pursuant to which Extraction may drill oil and gas wells on the surface of the Property;

### **AGREEMENT**

NOW, THEREFORE, in consideration of the premises, the payments made and to be made hereunder, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is herein acknowledged, Richmark and Extraction agree as follows:

1. *Recitals.* The Recitals set forth above are incorporated into this Agreement as though fully restated in this Paragraph 1.
2. *Grant of Easement.* Extraction is hereby granted an irrevocable, exclusive easement to use the surface of the Property to conduct oil and gas operations, including, without limitation, to drill, complete, operate, frack and refrac, rework, redrill, recomplete, deepen, and maintain oil and gas wells and install and maintain flow lines, pipelines, production facilities, vapor recovery and flare units, tanks, separators and other equipment. The parties specifically agree that the wells drilled on the Property pursuant to this Agreement may have bottom hole locations on lands other than the Property.
3. *Equipment Location.* The number of oil and gas wells, and the location of the wellheads, production facilities, vapor recovery and flare units, tanks, separators and other equipment to be utilized by Extraction in connection with the oil and gas wells that it may drill on the Property pursuant to this Agreement ("Equipment") will be determined by Extraction in its sole discretion. Extraction will comply with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") existing as of the date of mutual execution of this agreement.



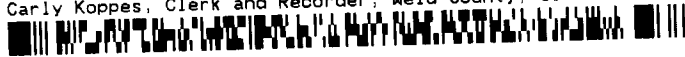
4. *All Operations.* Richmark and Extraction agree that the Property may be used by Extraction to conduct any oil and gas operations on the surface of the Property that may be reasonably necessary, useful or convenient for the production of oil and gas.
5. *Consideration.* In consideration of this Agreement, Extraction has agreed to pay Richmark the following payments in connection with and only with any wellbore that is drilled into any portion of the Acquisition Area, as that term is defined in that certain Purchase and Sale Agreement executed on June 16, 2014, by the parties, or into any unit which includes or pools any portion of the Acquisition Area:
  - a. drilled on the Property. The payment will be made by Extraction to Richmark, which represents that there are no other persons or entities entitled to any portion of the payments to be made on a well by well basis, prior to the commencement of the wells on a well-by-well basis.

of the production on a well-by-well basis. The term of the production payment as to each such well shall be from the date of first production for a period of thirty (30) years. Such payments shall terminate on a well by well basis upon the thirty (30) year anniversary of the date of first production from each well.
  - c. If Extraction or any successor recompletes a well in additional formations or to additional depths other than originally completed and produced or if Extraction or any successor drills and produces a new lateral from an existing wellbore, the well shall be considered a new well. As to any such new well there shall be a thirty (30) year payment term beginning from the date of first production from such new well.
6. *Automatic Amendment of Property Definition.* The definition of the "Property", the surface of the lands subject to this Agreement, shall conclusively be deemed amended from time to time as the definition of the "Lands" in the Ground Lease is amended. Each such amendment shall occur automatically so that the description of the Property subject to this Agreement will always be identical to the description of the Lands subject to the Ground Lease.
7. *Term.* This Agreement shall remain in full force and effect for a term of twenty-five (25) years from the date of execution hereof or so long as any of the wells drilled on the Property is producing oil and /or gas and associated hydrocarbons in "paying quantities", whichever is greater. For the purposes of this Agreement, "paying quantities" means on a well-by-well basis, proceeds from production exceed the lease operating expenses on a month to month basis and that no well shall be considered not to be producing in paying quantities unless and until lease operating expenses exceed revenues for a period of six consecutive months of actual production. Upon termination and upon either party's request, the parties shall execute and record a document terminating and releasing this Agreement. Notwithstanding termination of the Agreement, Extraction shall have a temporary easement to perform necessary plugging and abandonment work on the Property.

8. *Costs and Expenses.* Extraction covenants and agrees to pay all of the costs and expenses attributable to the oil and gas wells that are drilled on the Property pursuant to the terms of this Agreement to include and not being limited to the design, construction, surveying, leveling, demolition and construction, topsoil removal storage and restoration, road construction and maintenance, fencing, weed control and any other costs and expenses related or incurred in connection with the wells to be drilled pursuant to this Agreement.
  - a. With respect to fencing, Extraction will comply with the fencing requirements, if any, of the COGCC and the City of Greeley, Colorado or any other governmental agency with jurisdiction of the Extraction oil and gas operations on the Property and as reasonably requested by Grantor.
  - b. Extraction covenants and agrees to keep the Property free and clear of mechanics liens and other liens in the favor of vendors to Extraction except for statutory liens filed by Extraction against delinquent working interest owners that are customary in the oil and gas industry and that Extraction deems necessary or convenient for its oil and gas operations at the Property.
9. *Assignment.* Subject to providing notice of the Assignment to the other party, either party may assign all or any portion of this Agreement at any time and from time to time provided that no such assignments shall enlarge, amend or modify the obligations, duties, or benefits under this Agreement.
10. *Compliance with Law.* Extraction will conduct its operations on the Property, including the plugging and abandonment of the wells drilled on the Property pursuant to this Agreement in compliance with the applicable rules and regulations of the COGCC and the City of Greeley, or any other governmental agency.
11. *Notices.* All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been fully given, made and received only when personally delivered, received via facsimile that has been confirmed electronically, delivered by Federal Express or other nationally recognized courier service, or three (3) days after having been deposited in the United States mail, postage prepaid, return receipt requested. All notices requests, demands, and other communications required or permitted hereunder shall be addressed as set forth below:

If to Richmark:  
Richmark Real Estate Partners, LLC  
5200 W. 20<sup>th</sup> Street  
Greeley, CO 80634

If to Extraction:  
Extraction Oil & Gas, LLC  
370 17th Street, Suite 5300  
Denver, CO 80202



12. *Covenants Run With the Land.* This Agreement and all of the covenants herein shall be covenants running with the land.
13. *Recordation.* Extraction and Richmark agree that Richmark may record an original of this Agreement or a Memorandum thereof in the real property records of Weld County, Colorado.
14. *Entire Agreement.* This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.
15. *Severability.* If any provision of this Agreement or the application hereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of the Agreement nor application of such provision to any other person or circumstances shall be affected thereby, but rather the same shall be enforced to the greatest extent permitted by applicable law.
16. *Governing Law.* This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Colorado, excluding any conflict of laws, rule or principle that might refer the governance or the construction thereof to another jurisdiction.
17. *Successors and Assigns.* This Agreement shall inure to benefit of and be binding upon each party's successors and assigns.

SIGNED this 21 day of January, 2016.

RICHMARK REAL ESTATE PARTNERS, LLC

By: \_\_\_\_\_

Arlo Richardson, President of Richmark  
Holdings, Inc., Manager of Richmark  
Real Estate Partners, LLC

EXTRACTION OIL & GAS, LLC

By: \_\_\_\_\_

Matt Owens, President

[ACKNOWLEDGEMENT TO FOLLOW]

STATE OF COLORADO      )  
   ) ss.  
COUNTY OF WELD      )

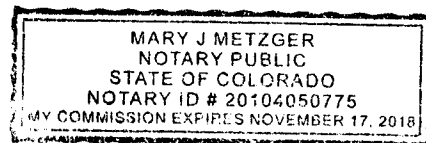
The foregoing was acknowledged before me this 29 day of January, 2016 by Arlo Richardson, President of Richmark Holdings, Inc., Manager of Richmark Real Estate Partners, LLC.

Witness my hand and seal.

My Commission Expires: 11/17/18

Mary J Metzger  
Notary Public

STATE OF COLORADO      )  
CITY AND      ) ss.  
COUNTY OF DENVER      )

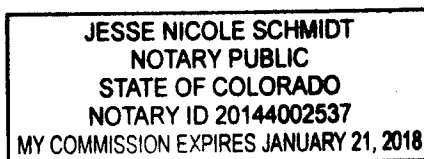


The foregoing was acknowledged before me this 17<sup>th</sup> day of February, 2016 by Matt Owens, President of Extraction Oil & Gas, LLC.

Witness my hand and seal.

My Commission Expires: 1/21/18

Jesse Schmidt  
Notary Public





**EXHIBIT "A"**  
**DESCRIPTION OF LANDS**

All that part of the West Half of the Southeast Quarter of Section 32, Township 6 North, Range 65 West of the 6<sup>th</sup> P.M., County of Weld, State of Colorado, and all that part of the Northeast Quarter of Section 5, Township 5 North, Range 65 West, of the 6<sup>th</sup> P.M., County of Weld, State of Colorado, being more fully described as follows:

**Parcel A**

A parcel of land located in parts of the East Half and of the Southwest Quarter of Section 32, Township 6 North, Range 65 West and in part of the Northeast Quarter of Section 5, Township 5 North, Range 65 West of the 6<sup>th</sup> P.M., County of Weld, State of Colorado, being more particularly described as follows: Beginning at the Southeast Corner of said Section 32 and considering the South line of said Section 32 as bearing North 84°56'31" West, with all other bearings contained herein relative thereto:

thence North 84°56'31" West, along said South line, 1,122.98 feet to the True Point of Beginning; thence North 84°56'31" West, 234.53 feet to a point on said South line of said Section 32;

thence South 02°42'08" West, 823.80 feet;

thence North 86°02'22" West, 849.06 feet;

thence North 00°50'22" East, 80.00 feet;

thence South 86°02'22" East, 195.00 feet;

thence North 00°50'22" East, 757.90 feet to a point on the South line of said Section 32;

thence North 84°56'31" West, 57.15 feet;

thence North 00°00'44" West 884.50 feet;

thence South 88°28'33" West, 478.29 feet to a point on the East ROW line of 6<sup>th</sup> Avenue;

thence North 01°21'27" East, 427.99 feet;

thence North 01°26'58" West, 276.71 feet;

thence along the arc of a curve to the left whose radius is 396.00 feet and whose long chord bears North 24°29'54" West for a distance of 310.08 feet;

thence North 06°38'01" East, 199.97 feet;

thence North 04°14'47" East, 203.22 feet;

thence North 02°35'02" East, 458.74 feet;

thence South 83°17'02" East, 19.50 feet to the Center Corner of said Section 32;

thence North 00°04'46" West, 344.22 feet;

thence South 83°27'36" East, 908.31 feet to a point of the West ROW line of U.S. Highway 85 Bypass;

thence along said ROW line by the following six courses and distances;

South 23°42'43" East, 6.37 feet;

South 22°14'34" East, 1,350.41 feet;

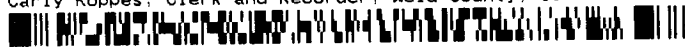
South 21°35'05" East, 194.74 feet along the arc of a curve to the right whose radius is 2,714.61 feet and whose long chord bears South 14°40'19" East, for a distance of 527.05 feet;

South 07°45'33" East, 194.74 feet;

South 07°04'33" East, 557.28 feet to a point of said ROW line;

thence South 32°14'47" West, 413.37 feet to the True Point of Beginning.

EXCEPT that portion conveyed to Public Service Company of Colorado in Warranty Deed recorded July 15, 1993 in Book 1392 at Reception No. 2341249 and that portion conveyed to Thermo Greeley, LLC in Warranty Deed recorded September 5, 1997 in Book 1624 at Reception No. 2567552 and that portion as conveyed to Minerals Resources, Inc. in Warranty Deed recorded June 27, 2008 at Reception No.



3563567 and that portion conveyed to Public Service Company of Colorado in Warranty Deed recorded March 28, 2013 at Reception No. 3920456 and re-recorded April 3, 2013 at Reception No. 3922050.

Parcel B

A parcel of land located in part of the East ½ of Section 32, Township 6 North, Range 65 West of the 6<sup>th</sup> P.M., County of Weld, State of Colorado, being more particularly described as follows:

Beginning at the East Quarter Corner of said Section 31 and considering the North line of the Southeast Quarter of said Section 32 as bearing North 83°17'02" West, with all other bearings contained herein relative thereto;

thence North 83°17'02" West, 1,215.69 feet to a point of the East ROW line of U.S. Highway 85 Bypass;

thence North 22°14'34" West, 78.37 feet to the True Point of Beginning;

thence North 89°39'44" East, 479.84 feet; thence South 00°11'51" East, 822.51 feet;

thence South 01°00'30" West, 358.55 feet to a point of the East ROW line of U.S. Highway 85 Bypass;

thence along the arc of a curve to the left whose radius is 3,024.61 feet and whose chord bears North 18°26'18" West, for a distance of 190.49 feet;

thence North 21°34'00" West, 205.56 feet;

thence South 67°45'26" West, 10.00 feet;

thence North 22°14'34" West, 875.21 feet to the True Point of Beginning, County of Weld, State of Colorado.

Parcel C

A parcel of land located in part of the Northeast Quarter of Section 32, Township 6 North, Range 65 West of the 6<sup>th</sup> P.M., County of Weld, State of Colorado, being more particularly described as follows:

Beginning at the East Quarter Corner of said Section 32 and considering the South line of the Northeast Quarter of said Section 32 as bearing North 83°17'02" West, with all other bearings contained herein relative thereto;

thence North 83°17'02" West, 1,215.69 feet to a point on the East ROW line of U.S. Highway 85 Bypass;

thence North 22°14'34" West, 188.37 feet;

thence North 22°14'34" West, 2.76 feet;

thence North 00°06'28" East, 428.81 feet;

thence North 73°27'09" East, 475.00 feet;

thence South 31°10'47" East, 124.06 feet;

thence South 79°35'04" West, 354.00 feet;

thence South 36°10'21" West, 218.36 feet;

thence South 02°40'52" West, 339.40 feet to the True Point of Beginning, County of Weld, State of Colorado.

## Wake East - Map of Surface

Section 32, Township 6N, Range 65W

Acreage: 37.1 acres

