

Context Energy  
621 17th St., Suite 1020  
Denver, CO 80293

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Arapahoe County CO Matt Crane, Clerk &  
Recorder

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08/03/2016 at 08:11:09 AM, 1 OF 28,  
TD Pgs: 0 Stan Martin, Adams County, CO.

**SURFACE USE AGREEMENT**  
(Owner Property No. 524-8183)

THIS SURFACE USE AGREEMENT (this "Agreement"), is made and entered into as of the 1<sup>st</sup> day of March, 2016 ("Effective Date"), by and between PROPERTY RESERVE, INC., a Utah non-profit corporation, whose address is: Attn: Energy Group Manager, Natural Resource Services, SPD Real Estate, 50 East North Temple Street, 12th Floor, Salt Lake City, Utah 84150-0012 ("Owner"); and CONOCOPHILLIPS COMPANY, a Delaware corporation, whose mailing address is: Attn: RPA, P.O. Box 7500, Bartlesville, Oklahoma 74004, and BROG GP LLC, sole General Partner of BURLINGTON RESOURCES OIL & GAS COMPANY LP, a Delaware limited partnership, whose mailing address is: c/o ConocoPhillips Company, Attn: Surface Land, 34501 E. Quincy Ave., Building #1, Watkins, Colorado 80137 (individually or collectively, "Lessee").

**RECITALS**

A. Owner is the owner of the surface estate of lands situated in Adams and Arapahoe Counties, Colorado and depicted on Exhibit A, attached hereto and made a part hereof (the "Property").

B. Lessee is in the business of exploring for, developing, producing, and processing natural gas, oil and associated hydrocarbons. Lessee has acquired rights to the oil and gas estate underlying the surface of the Property and desires to construct, operate, and maintain well-sites, access roads, flow lines (pipelines for the transmission of oil, gas or water obtained from oil or gas production from a well to a tank battery or common pipeline manifold within areas designated herein as areas for oil and gas operations), and electrical power and communication lines on the Property. Lessee's oil and gas rights derive from a certain Oil and Gas Lease as follows:

That certain Oil & Gas Lease, dated March 1, 2016, from Property Reserve, Inc. to ConocoPhillips Company, signed concurrently with this Agreement to be recorded in the records of Adams and Arapahoe Counties, Colorado ("New Lease").

C. Owner and Lessee are also parties to an oil and gas lease as follows:

Oil and Gas Lease, dated September 1, 2010, from Property Reserve, Inc. to Anadarko E&P Company, LP, predecessor in interest to Burlington Resources Oil & Gas Company, LP, a memorandum of which is recorded at Reception Nos. 2010000065344, records of Adams County, Colorado, and D0100855, records of Arapahoe County, Colorado ("Anadarko Lease").

The Anadarko Lease was assigned from Anadarko E&P Company, LP to COP BROG I LLC ("COP") by Assignment and Bill of Sale dated December 1, 2012, recorded at Reception Nos. 2013000062208, records of Adams County, Colorado, and D2147994, records of Arapahoe County, Colorado. COP assigned all of its interest in and to the Anadarko Lease to Burlington

Resources Oil & Gas Company, LP by instrument dated April 15, 2013. This Agreement does not in any way affect the terms and conditions or validity of the Anadarko Lease except as expressly provided in this Agreement.

D. The New Lease and the Anadarko Lease are collectively referred to in this Agreement as the "Lease."

E. Lessee has an interest in certain other oil and gas leases in the general area of the Property as follows:

i. Agreement and Lease, dated December 17, 2012, from Anadarko Petroleum Corporation, et al., to Burlington Resources Oil & Gas Company, LP, a memorandum of which is recorded at Reception Nos. 2012000097994, records of Adams County, Colorado, and D2147993, records of Arapahoe County, Colorado (the "APC Lease").

ii. Oil and Gas Lease, dated May 17, 2012, from the State of Colorado, State Board of Land Commissioners, to Colorado Energy Minerals, Inc., recorded at Reception No. 2012000047629, records of Adams County, Colorado (the "State Lease"). The State Lease was assigned to ConocoPhillips Company from Colorado Energy Minerals, Inc. by Stipulation and Assignment of Oil and Gas Lease dated December 13, 2013, recorded at Reception No. 2013000105829, records of Adams County, Colorado.

F. Owner has no interest in and has no responsibility for the performance of any of the terms and conditions of the APC Lease or the State Lease.

G. The following Surface Use Agreements ("Preexisting SUAs") are currently in effect on the Property for certain existing wells identified below:

i. Surface Use Agreement, dated March 17, 2014, from Property Reserve, Inc. to Burlington Resources Oil & Gas Company LP, recorded at Reception No. 2014000029359, records of Adams County, Colorado, for the Reserve 3-65 26 1-H well.

ii. Surface Use Agreement, dated May 16, 2014, from Property Reserve, Inc. to Burlington Resources Oil & Gas Company LP, recorded at Reception No. D4055544, records of Arapahoe County, Colorado, for the Property Reserve 4-65 3-4 1-H well.

iii. Surface Use Agreement, dated April 28, 2014, from Property Reserve, Inc. to Burlington Resources Oil & Gas Company LP, recorded at Reception No. D2014000033353, records of Adams County, Colorado, for the Reserve 3-65 34-35 1-H well.



H. Also affecting the Property is a Surface Use Agreement, dated September 5, 2014, from Property Reserve, Inc. to Burlington Resources Oil & Gas Company LP, recorded at Reception No. 201500003681 records of Adams County, Colorado ("Bear SUA"), applicable to the planned drilling of the Bear 3-65 22-23 4H well.

## TERMS AND CONDITIONS

For and in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### SECTION 1. Permission to Use the Property.

(a) Owner grants to Lessee and those directors, officers, managers, employees, agents, representatives, invitees, servants, consultants, contractors and subcontractors (of any tier) of Lessee, or any party acting on behalf of or authorized by Lessee (collectively, "Lessee's Parties"), the right to enter upon and use those portions of the surface of the Property identified and depicted on Exhibit B, attached hereto, as "Oil and Gas Operations Area(s) ("OGOAs")" to carry out the purposes of the Lease, the APC Lease, and the State Lease, drilling for and producing oil and gas from the Lease, the APC Lease, or the State Lease and installing, constructing, operating, and maintaining facilities. Lessee may also enter upon and use a portion of the surface of the Property for surveying, landscaping, fencing and construction and maintenance of storm water facilities or other improvements, access roads, electric utility and communication lines, and flow lines for the production of oil or gas from the Lease, the APC Lease, or the State Lease, as provided in this Agreement.

(b) Lessee and Lessee's Parties accept the Property and all aspects thereof in "AS IS", "WHERE IS" condition, without warranties, either express or implied, "WITH ALL FAULTS", including but not limited to both latent and patent defects, and the existence of Hazardous Materials (as hereinafter defined), if any. All operations of Lessee will be conducted at the sole risk, cost, and expense of Lessee. Lessee and Lessee's Parties enter upon the Property at their sole risk and acknowledge that hazards (latent or patent) may be present. Lessee releases Owner from any claims relating to the condition of the Property and the entry upon the Property by Lessee or Lessee's Parties.

(c) Owner makes no representations or warranties regarding the existence or non-existence of any prior leases, rights-of-way, easements, licenses, or other instruments or agreements affecting the Property, whether recorded or unrecorded. Owner makes no representations regarding the condition of the Property or any hazards (latent or patent) on the Property. Lessee waives all warranties, express or implied, regarding the title, condition, and use of the Property, including but not limited to the warranty of merchantability or fitness for a particular purpose.

(d) Lessee will obtain any consents, approvals, permissions, or agreements to cross, encumber or encroach upon any easements or rights of others affecting the use of the Property.

(e) The rights granted to Lessee and Lessee's Parties herein are nonexclusive, and Owner expressly reserves the right to use the Property, to use all roads on the Property

(except as provided in Section 5), to use the surface and subsurface of the Property, and to grant to third parties easements, licenses, and other rights to use the same; provided that such use will not materially interfere with or obstruct Lessee's or Lessee's Parties' rights under this Agreement. All surface use rights not granted to Lessee are reserved to Owner, and consideration will be given to such reserved uses and rights when conducting operations on the Property.

## SECTION 2. Preexisting SUAs.

(a) Owner and Lessee agree that the Preexisting SUAs will remain in effect with respect only to the drill sites and operations associated with the wells referenced in the Recitals to this Agreement. This Agreement does not apply to those wells previously drilled on the Property.

(b) Notwithstanding the foregoing, upon the execution of this Agreement the Bear SUA will be superseded by this Agreement as of the Effective Date, but shall have effect for any activities of the parties prior to the Effective Date.

(c) Owner and Lessee acknowledge that full and complete compensation for purposes of Section 8, paragraph (a) below was paid for the Bear 3-65 22-23 4H well on September 5, 2014.

(d) The Bear 3-65-22-23 4H well will be drilled within OGOA number 5.

## SECTION 3. Well-Site/Facilities.

(a) The general locations of all OGOAs are identified on Exhibit B. Lessee may establish one or more well-sites within each OGOA for the purposes identified in this Agreement.

(b) Well-Site & Facility Placement:

i. Within six (6) months after the Effective Date, Lessee will (A) conduct an initial survey of each OGOA, and (B) physically mark the boundary lines of the OGOA. Within two weeks after completing each OGOA initial survey, Lessee shall provide Owner a copy of each surveyed plat in electronic form. The OGOAs will be located as closely as possible to the locations shown on Exhibit B.

ii. Prior to beginning operations on an OGOA, Lessee will conduct a final survey of the OGOA and the related Access Road (as defined in Section 5 below) and provide Owner with the final survey plat and a site plan. The final survey and plat will include the location of the OGOA and any Additional Acreage, as provided for in Section 3, paragraph (e), below, and be provided to Owner in electronic form. The final survey plat will show the locations of the well-sites and facilities contemplated by Lessee within the OGOA, and will show the location of the Access Road to the OGOA. The site plan will identify any additional disturbance outside the OGOA but within the Additional Acreage including, but not limited to, grading plans, storage of top soil, subsoil (but with no mixing of top



soil and subsoil), storm water facilities, fencing, and/or landscaping as may be required by this Agreement or by state and/or local government.

iii. If there are any changes in location of a well-site or facility between the initial survey and the final survey, Lessee will provide specific reasons for the changes and will reasonably accommodate any modifications communicated by Owner as provided herein.

iv. Upon receipt of the initial and the final survey plat and site plan, Owner will have three (3) weeks to review the documents for each OGOA. Owner may request modifications to the locations of OGOA, the well-site(s) and facilities as shown on either the initial or final survey plat and site plan by describing the modifications requested and citing specific reasons for the requested modifications. Owner's failure to respond with requested written modifications within three (3) weeks will be deemed consent.

v. If Owner requests modifications to either the initial or the final survey and site plan of an OGOA or the well-site(s) or other facilities, Lessee will work with Owner to accommodate the requested modifications. If such modifications cannot be reasonably accommodated and the parties cannot resolve the issue within two (2) weeks after Lessee's receipt of Owner's request for modifications, then Lessee may proceed according to the survey plat and site plan provided.

(c) Time Period for Initiating Operations:

i. During the primary term of the New Lease, and any extension thereof (but not to exceed five (5) years from the Effective Date of this Agreement) ("Period of Initial Operations"), Lessee may initiate drilling on any OGOA, subject to paragraph (b) above. If at least one well within any given OGOA has been drilled during the Period of Initial Operations, then additional wells can be drilled in that OGOA, subject to the terms of the Lease, the APC Lease, or the State Lease, as applicable, and without regard to the expiration of the Period of Initial Operations or the effect of Section 3, paragraph (c)(ii), below.

ii. Prior to the end of the Period of Initial Operations, Lessee will notify Owner in writing of its intent to retain any OGOAs where no well will be drilled before expiration of the Period of Initial Operations, and will remit to Owner the sum outlined in the UCCL (as defined in Section 8, paragraph (a) below), for each remaining OGOA it desires to retain ("Retained OGOA(s)") as consideration for the retention of the applicable OGOA(s) beyond the Period of Initial Operations. This consideration will be applied toward the wellbore fee for the first well drilled in each Retained OGOA.

A. Notwithstanding the foregoing, Lessee will have no right to designate OGOAs 11, 12, 13, or 14 as Retained OGOA(s). This

limitation, however, does not affect Lessee's rights under paragraph (c)(i) above.

B. If Lessee designates OGOAs 1, 2, 4, 5, 6, and/or 7 (or any combination thereof) as Retained OGOA(s), then Lessee will have an additional three (3) years beyond the end of the Period of Initial Operations to drill at least one well on any such Retained OGOA(s). If at least one well within a Retained OGOA listed in this paragraph has been drilled during the additional three (3) years, then additional wells may be drilled in that OGOA, subject to the terms of the Lease, the APC Lease, or the State Lease, as applicable, and without regard to the expiration of the additional three (3) year period.

C. If Lessee designates OGOAs 3, 8, 9, and/or 10 (or any combination thereof) as Retained OGOA(s), then Lessee will have an additional five (5) years beyond the end of the Period of Initial Operations to drill at least one well on any such Retained OGOA(s). If at least one well within a Retained OGOA listed in this paragraph has been drilled during the additional five (5) years, then additional wells may be drilled in that OGOA, subject to the terms of the Lease, the APC Lease, or the State Lease, as applicable, and without regard to the expiration of the additional five (5) year period.

iii. If at the end of the relevant time periods identified above, a well has not been drilled on an OGOA, then Lessee's rights under this Agreement for that OGOA will expire and terminate. Owner will retain any consideration paid with respect to any Retained OGOA.

(d) The right to explore for, and develop, oil and natural gas under the Lease, the APC Lease and the State Lease shall be governed by the terms thereof. The right to utilize the surface of the Property for such purposes shall be governed by this Section 3, and all other terms and conditions of this Agreement. Nothing in this Agreement shall be construed as extending the respective terms of such leases, as serving to "hold" the leased premises thereunder beyond the period described in such leases, or otherwise modifying the terms of such leases. The drilling of a well must be permitted by both the applicable lease(s), and by this Agreement.

(e) Lessee will use best efforts to conduct all operations associated with drilling and producing hydrocarbons within the confines of each applicable OGOA. If, however, Lessee determines that additional acreage is needed outside an OGOA to conduct operations, Lessee must request in writing Owner's consent for the size, location (including a plat), nature, and use of additional acreage, not to exceed five (5) acres, for such operations ("Additional Acreage"). Any Additional Acreage must be adjacent to an OGOA. Acceptable uses of Additional Acreage consist of and are limited to topsoil and segregated subsoil stockpiling, placement of landscaping, location of storm water facilities, or fencing around the OGOA and Additional Acreage. Owner's consent for Additional Acreage must be provided in writing prior to Lessee initiating such a use. All Additional Acreage will be promptly reclaimed by Lessee following cessation of the use of the acreage or termination of the Lease, the APC Lease, or the State Lease,



as applicable, or portion thereof, or this Agreement with respect to the associated OGOA, whichever occurs first. No Additional Acreage may be used by third parties.

(f) OGOA Size:

i. Except as provided in Section 3, paragraph (e), above, the surface area of an OGOA will not exceed the area depicted on Exhibit B.

ii. Upon completion of drilling and completion operations, completion of workover operations, and completion of construction of facilities necessary to produce hydrocarbons from a well-site, the final surface area of the OGOA will be limited to no more than depicted on the attached Exhibit C, unless a larger size is agreed to in writing in advance by Owner.

iii. If an OGOA is reduced in size pursuant to subparagraph (ii) above, Lessee may increase its size from time to time, without revision of the survey and plat provided to Owner in Section 3, paragraph (b)(ii), above, to accomplish further drilling or workover operations, with such increase limited to the area that is reasonable and safe for the proposed activity but not to exceed the area of the original OGOA. Upon completion of those operations Lessee will undertake the necessary actions to restore the well-site to the survey and plat dimensions provided to Owner in Section 3, paragraph (b)(ii), above.

iv. Any surface area within an OGOA that is disturbed but is not used for further operations will be promptly reclaimed by Lessee.

v. Lessee is entitled to use any OGOA for all drilling, testing, and completion operations necessary to Lessee's development of its leasehold rights under the applicable Lease, the APC Lease, or the State Lease, or under other oil and gas leases with which the Lease, the APC Lease, or the State Lease is pooled, and which include a mineral interest of Lessee, including but not limited to the construction, installation, and maintenance of production wellhead equipment and facilities, such as but not limited to flow lines, separators, tank batteries, compressors, and other equipment or facilities necessary or convenient as used by the industry at the wellhead for the production, transportation, and/or sale of oil, natural gas, and other materials produced by or used for the production of oil or gas.

SECTION 4. Setbacks.

(a) For a period of five (5) years from the Effective Date of this Agreement, Owner will not (i) record a plat to create lots to build or construct commercial, industrial, residential or recreational facilities that will be located within 1,000 feet of OGOAs 11, 12, 13, or 14; or (ii) construct any commercial, industrial, residential or recreational buildings within 1,000 feet of OGOAs 11, 12, 13, or 14.

(b) For a period of eight (8) years from the Effective Date of this Agreement, Owner will not (i) record a plat to create lots to build or construct commercial, industrial,

residential or recreational facilities that will be located within 1,000 feet of OGOAs 1, 2, 4, 5, 6, or 7; or (ii) for a period of eight (8) years construct any commercial, industrial, residential or recreational buildings within 1,000 feet of OGOAs 1, 2, 4, 5, 6, or 7.

(c) For a period of ten (10) years from the date of Owner's execution of this Agreement, Owner will not (i) record a plat to create lots to build or construct commercial, industrial, residential or recreational facilities that will be located within 1,000 feet of OGOAs 3, 8, 9, or 10; or (ii) for a period of ten (10) years construct any commercial, industrial, residential or recreational buildings within 1,000 feet of OGOAs 3, 8, 9, or 10 .

(d) The platting restrictions contained in Section 4, paragraphs (a)(i), (b)(i), and (c)(i), will terminate upon the expiration of the respective five (5), eight (8), or ten (10) year periods; provided, however, if Lessee completes the permitting process for its intended drilling program within an OGOA prior to the end of the respective period for that OGOA, Lessee will provide Owner with a written release of the associated platting restriction at the completion of its permitting process for that OGOA, and further provided, if Lessee's right to drill on an OGOA terminates under Section 3, paragraph (b), Lessee will promptly provide Owner with a written release of the associated platting restriction.

(e) The building restrictions contained in Section 4, paragraphs (a)(ii), (b)(ii), and (c)(ii), will terminate upon the expiration of the respective five (5), eight (8), or ten (10) year periods; provided, however, if Lessee completes the permitting process for its intended drilling program within an OGOA prior to the expiration of the respective period for that OGOA, Lessee will provide Owner with a written release of the associated building restriction at the completion of its drilling program for that OGOA, and further provided, if Lessee's right to drill on an OGOA terminates under Section 3, paragraph (b), Lessee will promptly provide Owner with a written release of the associated building restriction.

#### SECTION 5. Access.

(a) Lessee may construct, operate, and maintain one or more access roads ("Access Road" or "Access Roads") on the Property in accordance with the terms of this Agreement. Each Access Road will connect an OGOA with a public road in the most reasonably direct manner possible. Well-sites and other facilities within an OGOA may be connected by a road structure within the OGOA designed to minimize the surface acreage used.

(b) Prior to constructing an Access Road, Lessee will consult with Owner's representatives as to the location of the Access Road and, to the extent reasonably possible in Lessee's sole discretion, accommodate any modification to the Access Road location that Owner may request.

(c) Except for the Access Road described in subsection (d) below, Owner will have no right of use of any Access Road without the prior permission of Lessee.

(d) With respect to OGOA 8, if Lessee chooses to use an existing road as an Access Road, Owner will have the right to use the road with the parties reasonably cooperating in such use; provided, however, Lessee has the responsibility to upgrade and maintain it in accordance with the terms of this Agreement. Compensation for either the use of the existing road



or for a new road for OGOA 8 will be paid as provided in the UCCL, but for this Access Road only.

(e) The driving surface of an Access Road will be limited to thirty (30) feet in width, and the entire Access Road width, including "fill" and shoulder, will not exceed twenty-seven and one-half (27-1/2) feet on either side of the Access Road centerline, unless a greater width is approved by Owner in writing. Access Roads will be constructed according to best practices to minimize erosion resulting from water run-off. All Access Roads installed by Lessee will be constructed using materials that are environmentally friendly, such as native materials stabilized with a polymer resin or gravel. All construction costs are the sole responsibility of Lessee. Lessee will maintain Access Roads in good condition and repair irrespective of the cause of the damage with the Access Roads capable of passage in adverse weather conditions.

(f) Any and all damage caused by Lessee or Lessee's Parties to Access Roads and/or adjacent property will be promptly repaired.

(g) In order to limit unauthorized access to the Property, Lessee will install lockable gates at all points where an Access Road enters or exits the Property. Any and all gates will be locked at all times. Owner will be provided with a key or access code for the OGOA 8 Access Road. Lessee will place appropriate signs designating Access Roads as "private roads," and control the use of Access Roads by any unauthorized personnel.

(h) Any Access Road, or portion thereof, will be promptly reclaimed by Lessee at such time as Lessee ceases operations at the OGOA to which the Access Road connects, unless Owner directs otherwise in writing. Roads within an OGOA will also be promptly reclaimed at such time as Lessee ceases operations for which the road was needed. If Owner directs, in writing, that Lessee need not reclaim an Access Road, Lessee will have no further responsibility for the reclamation or maintenance of the road.

(i) If Owner requests that Lessee relocate an Access Road (and any Pipelines as defined in Section 6, below) or power and communication lines authorized by this Agreement to be situated within such Access Road, then Lessee and Owner will seek to agree upon a new location for the Access Road. Lessee will provide Owner with a bona fide third party estimate of the costs for the relocation of the Access Road and any Pipelines or power and communication lines that includes such costs as permitting, engineering, and construction. Within forty-five (45) days after receipt of the estimate of costs from Lessee, Owner will either (i) agree to pay for the costs or relocation, or (ii) withdraw its proposal to relocate the Access Road and any Pipelines or power and communication lines. If Owner notifies Lessee in writing to proceed with the relocation, Lessee will promptly undertake the relocation of the Access Road and any Pipelines and power and communication lines located within the Access Road. Owner is responsible for the costs of the Access Road relocation but not to exceed 110% of the estimate furnished to it by Lessee, and will reimburse Lessee the costs within ninety (90) days of Lessee furnishing a properly documented invoice for them.

(j) Except as otherwise provided in Section 5, paragraph (d), above, Lessee may only use existing roads on the Property with Owner's prior written approval. Owner's approval may be conditioned upon Lessee undertaking road improvements and maintenance as well as reclamation of the road area upon Lessee discontinuing use of it. Upon Owner approving



Lessee's use of an existing road, that road will be considered an Access Road for purposes of this Agreement. Owner will have the right to use it in conjunction with Lessee.

(k) Access Roads will be used for access to and from OGOAs for the purposes outlined in Section 1, paragraph (a) and for no other purpose. Lessee and Lessee's Parties will travel only upon the established Access Roads unless otherwise approved by the Owner.

(l) Owner and its employees and representatives, will not enter any OGOA without first notifying Lessee to make arrangements to attend a safety orientation conducted by Lessee, and to make arrangements for one of Lessee's Parties to escort Owner on the OGOA. Owner agrees to abide by all Lessee's safety requirements while on an OGOA.

#### SECTION 6. Pipelines.

(a) Lessee may construct, operate, and maintain one or more flow lines for the transportation of crude oil, natural gas, other gaseous or liquid hydrocarbons, and/or produced water from the wellhead(s) at a well-site to an interconnection with a third party pipeline or treatment facilities or storage tanks located on another well-site within the same OGOA area ("Pipeline(s)").

(b) All Pipelines authorized under this Agreement shall be located within OGOAs. Any deviation from the foregoing requirement will require Owner's prior consent, which must be provided or denied in writing within thirty (30) days of Lessee's written request. Owner's failure to respond will be deemed to be consent. A map in electronic format showing the location of all Pipelines will be provided to Owner and updated as any changes in location of Pipelines are made.

(c) Upon completion of the installation of a Pipeline, or upon completion of any related modifications or maintenance work resulting in disturbance of the soil, all disturbances resulting from such installation, modification, or maintenance will be reclaimed. All Pipelines will be removed, or abandoned in place with Owner's prior written approval, and the land reclaimed as provided in Section 18 promptly upon the earlier to occur of the termination of the Lease, the APC Lease, or the State Lease, as applicable, or abandonment of the Pipeline.

#### SECTION 7. Power and Communication Lines.

(a) Lessee may construct, operate, and maintain electrical power and communication lines, at locations on the Property approved in advance by Owner. Owner approval will not be unreasonably withheld, provided that Lessee locates such lines in a manner that minimizes surface use and impact and, to the extent possible, locates the lines along roadways. Owner's written consent or denial must be provided within thirty (30) days after Lessee's written request, which request must be accompanied by a map showing the proposed location. Owner's failure to respond will be deemed to be consent.

(b) Except as provided in Section 5, paragraph (i), all costs associated with installing electrical power and communication service for Lessee's operations will be borne by Lessee. Owner will reasonably cooperate with an electric or communications utility to provide



access (including granting, where necessary, an easement over the Property upon terms satisfactory to Owner) on the Property to install and maintain such lines provided that the foregoing requirements to minimize surface use and locate lines along roadways are met.

(c) Where feasible and upon mutual agreement, Owner will have the right to connect to all power lines, at Owner's expense but with no connection cost other than such required by the utility providing the electrical power, and will be responsible for the payment for all electricity used in Owner's operations. Owner has the option to select any power or communication lines it desires to remain in place at all locations at the end of Lessee's operations, which lines will be conveyed to Owner at Owner's request and at no cost if owned by Lessee or an Affiliate (as defined in Section 19 below).

(d) Any underground power or communication lines will be buried below a depth of thirty-six (36) inches measured from the surface of the ground at the time of burial. Any power or communication line not designated by Owner to remain in place will be removed and the land reclaimed as provided in Section 18 promptly upon the earlier to occur of the abandonment thereof, or termination of the Lease, the APC Lease, or the State Lease, as applicable.

#### SECTION 8. Payments.

(a) Compensation for the use of the Property in accordance with this Agreement is set forth in a separate "Unrecorded Consideration and Compensation Letter" ("UCCL") between Owner and Lessee. The UCCL is an integral part of this Agreement but does not affect any third party rights. The compensation paid to Owner is based on surface use associated with the preparation, installation, and continuing maintenance of each well-site within an OGOA, flow lines, wellhead production facilities at the well-site, including compressors power and communication lines, and Access Roads other than that identified in Section 5, paragraph (d). Payment will be made prior to the commencement of drilling operations for any well within an OGOA, or for any subsequent wells within an OGOA.

(b) Compensation for Additional Acreage will be paid as provided in the UCCL.

(c) In addition to the compensation set forth in the UCCL, Lessee shall pay Owner compensation for loss of usable acreage or crops growing thereon resulting from the initial preparation and construction of facilities by Lessee within an OGOA or Additional Acreage, but not to exceed one growing season per occurrence. Lessee will negotiate such damages separate from any provisions of this Agreement or the UCCL; provided, such damages will be consistent with values for agricultural use of similar acreage and value of similar crops in the general area of the Property.

(d) In addition to amounts payable under the UCCL, Lessee agrees to compensate Owner for loss or damage to the Property, and Owner's or Owner's tenant's equipment or livestock, growing crops, ranchland, or other vegetation that is caused by Lessee or Lessee's operations and not addressed elsewhere in this Agreement.

(e) The compensations set forth in the UCCL or paid to Owner's surface tenant do not include compensation for other damages that may arise that relate to Lessee's operations on the Property. These damages may include, but are not limited to, vehicular traffic off an Access Road, emergency responses, damages to the land from hydrocarbon or other materials spilled on the Property, and other matters where the Property is left in a condition which impairs subsequent uses that could otherwise be made of the Property. If such additional damages occur, Lessee will first restore the land to its original condition or, if the land is not restored to its original condition, pay actual damages to Owner and/or Owner's surface tenant, which damages may include loss of land value if Lessee does not restore the land to its original condition. Subsequent anticipated uses of the Property include, specifically, residential uses, and Lessee's restoration and/or compensation obligations hereunder shall be consistent with such anticipated future use.

SECTION 9. Property Taxes. Lessee agrees to promptly pay, upon notice from Owner, all additional property taxes, assessments or other fees or charges that may be assessed by reason of improvements placed upon the Property by Lessee.

SECTION 10. Project Information. Prior to beginning any operations within an OGOA Lessee will promptly provide Owner, in electronic format, the following:

(a) A site plan of the project for that OGOA showing the anticipated locations of wells, Access Roads, Pipelines, landscaping, storm water improvements, fencing, and other facilities, with an explanation of Lessee's well numbering system; and

(b) A point of contact with telephone numbers, fax numbers, and e-mail addresses for the Lessee during the project and updated as needed.

SECTION 11. Notification upon Entry. Lessee will notify Owner prior to initial entry upon an OGOA and when major activities such as drilling, workover operations, or construction of significant wellhead facilities begin, except for routine production, maintenance, and monitoring operations. Lessee will notify Owner when any drilling or producing operation has been completed and Lessee is permanently or temporarily (more than sixty (60) days) absent from an OGOA.

SECTION 12. Construction, Maintenance, and Operating Standards.

(a) Operations of Lessee will be conducted in a good and workmanlike manner, consistent with recognized industry standards and procedures, except where higher standards apply pursuant to this Agreement, or where Lessee's accepted "best practice" standards, customs and usages establish higher standards. Lessee agrees to satisfy at a minimum the standards and requirements imposed by federal, state, and local regulatory agencies, as applicable, having jurisdiction over construction of, operations on, and maintenance of an OGOA, Access Road, Pipelines, power and communication lines, and any other facilities located on the Property. Lessee agrees at all times to keep the OGOA, Additional Acreage, Access Road and all other facilities in good order and free of litter and debris. All structures will be painted and maintained by Lessee with color tones that blend with the landscape.

(b) All excavation and trenching activities will employ erosion control as necessary, such as the application of water to the disturbed site. Preference will be given to non-



excavation alternatives for all operations. Drilling fluids, cuttings and other drilling derived waste will be fully self-contained. In addition, drill fluids, cuttings, other drilling derived waste and produced water will be disposed of off-Property, unless Owner gives written consent otherwise. Copies of the disposal records will be provided to Owner upon ten (10) business days written request.

(c) No fences, cattle guards or other Owner improvements will be cut or damaged by Lessee except with the prior consent of Owner. All OGOAs and associated Additional Acreage will be completely fenced and gated prior to the start of construction for a well-site. All fences, posts, gates and other necessary material and equipment installed by Lessee will be reasonably satisfactory to Owner, will conform to sound agricultural and ranching practices usual and customary in the area, will be supplied by Lessee, and will be kept in good repair. In the event cattle guards are installed, wire gates will also be installed adjacent to such cattle guards to allow the movement of cattle between pastures. Except in cases of actual emergency, Owner will notify Lessee orally or in writing of any necessary maintenance or repairs to fences and cattle guards of Owner in Lessee's area of disturbance and will allow Lessee a reasonable time, not to exceed one (1) week after notification, to perform the necessary maintenance or repairs. If such maintenance work or repairs are not completed by Lessee, Owner may cause such work to be performed, and Lessee will compensate Owner at Owner's actual documented cost for the work at rates that do not exceed prevailing rates in the area for similar work.

(d) Lessee will not allow any unused rigs or equipment or supplies not anticipated to be used in current and continuous operations on an OGOA to be stacked or parked on the OGOA for longer than five (5) business days.

(e) Lessee will not construct or locate any living quarters within OGOAs, with the exception of temporary living quarters for necessary personnel during actual drilling, completing or testing operations. Any temporary living quarters will fully comply with all laws, rules and regulations of governmental authority and will provide a hygienic and healthy living environment.

(f) If requested by Owner or governmental authority, Lessee will establish sight barriers around any OGOA areas sufficient to mask from public ground view producing operations (such as wellheads, stock tanks, compressors, etc. but not drill rigs). A sight barrier will meet the requirements of governmental authority and be maintained during the life of operations within the applicable OGOA and may consist of vegetation appropriate for the area.

SECTION 13. Lessee's Use of Property. Lessee acknowledges that Owner owns all surface rights in and to the Property. However, the OGOAs, well-sites, Access Roads, Pipelines, power and communication lines, and Lessee constructed or installed facilities, whether located within an OGOA or on Additional Acreage, either is or will be deemed to be the property of Lessee during the term of this Agreement, and Lessee will be solely responsible for the same in accordance with applicable laws, rules, regulations, and orders of governmental authority and the terms of this Agreement. Nothing in this Agreement will be construed as a conveyance of any legal title to any part of the Property. Lessee's vehicles will be restricted to Access Roads, OGOAs and Additional Acreage; provided, however, Lessee may travel outside of such areas in the event of an emergency. Lessee will use its best efforts to cause minimal adverse impact to the Property.



SECTION 14. Water Use. Owner will not furnish water or water rights to Lessee under this Agreement, and Lessee agrees not to interfere with the production of water by Owner under any of Owner's water rights. Any water needed by Lessee for its operations under this Agreement will be obtained by Lessee at its own cost.

SECTION 15. Fire. Lessee will take reasonable steps to prevent fire and to promptly extinguish fire, including, but not limited to, providing the means for fire suppression in all areas of Lessee operations. No trash or timber slash may be burned by Lessee on the Property. Lessee will promptly and fully compensate Owner and Owner's tenant for all damages caused by fire arising out of Lessee's operations by paying market value for damages for any associated losses, which will not be less than \$100 per acre for damaged pasture. In addition, Lessee will reimburse Owner for any charges incurred by Owner for fire suppression, replacement of fences and other property damaged or destroyed by fire, the reasonable cost of moving livestock to unburned pastures and, if necessary, the reasonable cost of renting unburned pastures or providing other feed sources, if such damage results from Lessee's activities or those of Lessee's Parties.

SECTION 16. Dust Control. Lessee will employ dust control measures as necessary so as not to interfere with Owner's reasonable enjoyment of the Property, or to constitute a nuisance to adjacent property owners. Dust control measures will comply with applicable laws, rules and regulations of governmental authority.

SECTION 17. General Use Restrictions and Requirements.

(a) Lessee will not bring onto the Property any dogs or other animals (except dogs trained to detect drugs or other substances), explosive devices (except those associated with well completion, fracking, or approved seismic work), weapons of any kind (such as bows and arrows, firearms of any kind, and knives other than a small pocket knife), alcoholic beverages, or any drugs (including but not limited to psychedelic drugs and substances) other than medically prescribed, non-impairing medications. Notwithstanding the foregoing, Lessee's security personnel, properly trained in the handling and use of firearms, may have in their possession while on duty firearms reasonably needed for security purposes associated with the protection of Lessee property, subject to strict compliance with all applicable federal, state and local laws and regulations.

(b) Lessee will not use trail bikes, motorcycles, all-terrain vehicles, snowmobiles, or other vehicles or horses on the Property except in direct support of Lessee's authorized activities. Lessee and Lessee's Parties will not prospect for antlers, fossils, antiquities, or other resources, camp, hike, trap, hunt, fish, or conduct any other recreational activities on the Property.

(c) Smoking will be permitted in designated smoking areas only, which areas will be approved in advance by Owner. Lessee will at all times keep the Property and Lessee facilities clean and free of any trash, cans, papers, bottles or other debris resulting from Lessee's operations hereunder.

(d) Except during construction or repair or in emergency situations, Lessee will not permit any Pipeline excavation or other excavation to remain open for longer than forty-eight (48) hours unless otherwise approved in writing by Owner.



(e) Lessee will use its best efforts to control the infestation of noxious weeds on any portion of the Property utilized by Lessee by the timely spraying of control chemicals or other methods of control acceptable to Owner. Such work will be coordinated with Owner to protect livestock. Lessee will comply with applicable governmental weed control laws at Lessee's expense. If Owner is required to control any weeds within Lessee's areas of disturbance or use due to Lessee's failure to do so, Lessee shall compensate Owner for labor, equipment and materials used in such control.

(f) No produced water from operations outside the Property will be stored or disposed of on the Property.

(g) None of the Property will be used for purposes other than the authorized uses set forth in this Agreement.

#### SECTION 18. Reclamation.

(a) Prior to commencement of any work where surface disturbance occurs, the topsoil horizon will be removed and set aside. Upon completion of the initial work at any site where the surface is disturbed, and again upon abandonment of the site, Lessee will clean up the site and restore, re-contour and reseed/re-vegetate the area to a condition that is as close to the condition existing immediately before commencement of work at such location as is reasonably practicable. At all excavations, including excavations for Pipelines, the subsoil will be returned to the trench or excavation, the topsoil re-spread, and the area filled, leveled, and restored to the original contour of the land, to the extent reasonably practicable. All reseeding will be done with suitable grasses in usual and customary use in the area with seed certified noxious weed free. The type of vegetation established with the seed and the mix and rate will be acceptable to local governmental authority (for example, a county extension agent) and approved by Owner. Backfill activities must avoid scalping of undisturbed topsoil when backfilling spoil and redistributing stockpiled topsoil. Lessee must blend the disturbed area with the landscape as nearly as practical.

(b) Whenever any portion of the Property that is disturbed under this Agreement ceases to be used by Lessee, Lessee will remove all equipment, fixtures and facilities from that portion of the Property, remove any contamination and clean up the site, and restore, re-contour and reseed the area after replacing the topsoil to the minimum specifications recommended by local governmental authority. Markers will be installed identifying all wells plugged and abandoned, and all Pipelines abandoned, which markers will be buried below a depth of thirty-six (36) inches measured from the surface of the ground at the time of burial or as otherwise required by applicable law, rule or regulation, unless otherwise agreed by Owner. All clean-up and restoration requirements will be completed by Lessee within six (6) months after cessation of such use (weather and surface conditions permitting), except that re-vegetation efforts will continue until established stands have been obtained.

(c) All reclamation work will be subject to final approval by Owner, and Lessee will conduct follow-up work as may be required by Owner, as conditions reasonably warrant, for a period of one (1) year after operations cease at a location, except that re-vegetation efforts will continue until established stands have been obtained.



## SECTION 19. Indemnification and Insurance.

(a) Lessee assumes all liability arising directly or indirectly from the use, occupation or control of an OGOA, Adjacent Acreage, Access Road, or other part of the Property under this Agreement by Lessee or any of Lessee's Parties. This assumption includes, but is not limited to, liability for all personal injuries (including death) and environmental and property damage and destruction caused by or arising out of Lessee's operations, or caused by or arising out of operations conducted by any of Lessee's Parties, with the exception of any injuries, damage, or destruction caused by the gross negligence or intentional misconduct of Owner. Lessee agrees to defend, indemnify and hold harmless Owner, Owner's Affiliates (as defined below), and the officers, directors, employees, managers, members, agents, servants, successors, and assigns of Owner and its Affiliates, from and against any liability, damage, expense, claim or judgement arising under this Agreement caused by Lessee, or any of Lessee's Parties. Lessee further agrees to indemnify Owner and its Affiliates for any costs, including costs of suit and fees for consultants, experts, and attorneys, incurred by Owner or Owner's Affiliates in enforcing obligations or defending itself against any matter arising under this Agreement. This provision shall survive termination, cancellation or relinquishment of this Agreement, and any cause of action by Owner to enforce this provision shall not be deemed to accrue until Owner's actual discovery of the liability, claim, loss, damage, or exposure. As used in this Agreement, the term "Affiliate" or "Affiliates" means any legal entity, corporation, company or person which controls, is controlled by, or is under the control of, whether directly or indirectly and whether through one or more intermediaries, either Owner or Lessee, with control meaning the right to exercise fifty percent (50%) or more of the voting rights with the power to direct or cause the direction of the management or policies of such entity.

(b) To assure the availability of financial resources and not in limitation of any obligation to indemnify Owner under the provisions of this Agreement, Lessee will, at its own expense, procure and maintain the following insurance coverage:

1. General Liability insurance as follows: \$1 million combined single limit per occurrence, personal injury (including death) and property damage, \$2 million Aggregate, Broad Form Commercial General Liability (ISO 1993 or better), to include Products – Comp/OP, aggregate of \$1 million, limits to apply to each project individually.

2. A contract of insurance covering damages and claims arising out of the creation of any condition which contravenes any common or statutory or regulatory duty to avoid pollution of every kind and nature including without limitation, laws and regulations treating conservation, aesthetics, and water and air pollution, in amounts of \$1 million.

3. Insurance adequate to fully satisfy Lessee's legal obligations under any state or federal workers' compensation; provided, however, that Lessee may self-insure against liability for workers' compensation (including occupational disease) to the extent permitted by state and federal laws or regulations.

(c) All insurance policies will (i) be carried in a company or companies with a Bests' financial strength rating of no less than A-, IX, and (ii) not be subject to cancellation or termination without thirty (30) days prior written notice to Owner. Lessee will provide to Owner annually a certificate of insurance evidencing compliance with this Section. Owner, and those



Owner Affiliates identified by Owner, will be named as additional insureds on all policies of insurance to the extent of the obligations and liabilities undertaken by Lessee under this Agreement. The coverage will contain no special limitations on the scope of protection afforded to the Owner as additional insured. All insurance acquired under this Section will contain a provision for notice to Owner of any overdue or unpaid premium. Each policy of insurance will be written as an "occurrence" contract unless the policy is available only on a "claims made" basis. All policies of insurance will remain in effect during the entire term of this Agreement; provided however that if any type of insurance required by this Section is written as a "claims made" contract, Lessee will continue such contract after termination of this Agreement for a period of five (5) years or for such longer period required by federal or state law, rule or regulation, or until final release of Lessee's environmental reclamation bonds required by any regulatory authority, whichever is the latest to occur.

(d) Lessee may elect to self-insure all or any part of the insurance requirements to the extent allowed by applicable law. Lessee will provide Owner with a letter of self-insurance evidencing its compliance with the insurance requirements of this Agreement and providing information on the manner in which the self-insurance program operates. If Lessee becomes involved in either voluntary or involuntary bankruptcy proceedings during the term of this Agreement, the right of Lessee to self-insure all or any part of the insurance requirements terminates and Lessee will immediately provide a certificate of insurance evidencing compliance with the insurance provisions of this Agreement.

## SECTION 20. Environmental Matters.

(a) Lessee will not use, place, hold, store, or dispose of any Hazardous Materials, as defined below, in, under or upon the Property, except as provided in paragraph (b) below. For purposes of this Agreement, "Hazardous Materials" means hazardous wastes, hazardous materials, hazardous substances, hazardous constituents, toxic substances or related materials, whether solids, liquids or gases, including, but not limited to, substances deemed as "hazardous wastes," "hazardous materials," "hazardous substances," "toxic substances," "pollutants," "contaminants," "radioactive materials," or other similar designations in, or otherwise subject to regulation under, any Environmental Laws. "Environmental Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. § 9601 et seq.), the Resource Conservation and Recovery Act of 1976 (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 466 et seq.), the Safe Drinking Water Act (14 U.S.C. §§ 1401, 1450), the Hazardous Materials Transportation Act (49 U.S.C. § 1801 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), and any other federal, state, tribal or local statute, law, ordinance, code, rule, regulation, order or decree pertaining to the protection or preservation of the environment, human health, wildlife or environmentally sensitive areas, or regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic, dangerous, harmful or polluting waste, substance or material, as may now or at any time in the future be in effect. RCRA exempt wastes means any exploration and production wastes subject to the exemption provided in Subtitle C of the Resource Conservation and Recovery Act.

(b) Notwithstanding the foregoing, Hazardous Materials and RCRA exempt wastes required in, generated by, or produced in connection with drilling, completion or production



operations (e.g, fuel, drilling fluids and stimulation chemicals) on the Property, may be placed, held, stored, or used in, under or upon the Property during actual drilling, completion or production operations, to the extent required in connection with such operations. Such Hazardous Materials or RCRA exempt wastes may be placed, held, stored, and used on the Property, but only in accordance with applicable rules and regulations of all governmental agencies and authorities, and best industry practices, including secondary containment of sufficient volume to contain 110% of the largest container, and in a manner that does not present a hazard to human health and the environment if improperly managed, and promptly removed after use. In no event will Hazardous Materials or RCRA exempt wastes be disposed of on the Property (except produced water if approved by Owner as expressly authorized hereunder).

(c) Any leak, spill or other release of any Hazardous Materials, RCRA exempt wastes, or hydrocarbons on the Property will be promptly reported to Owner, and thereafter, after consultation with Owner, promptly contained, cleaned up, removed and remediated by Lessee, at Lessee's sole cost and expense; provided that containment, clean up, removal and remediation activities will not be delayed based on Lessee's inability to contact Owner. Lessee agrees, at a minimum, to comply with all Environmental Laws and to reimburse, indemnify and defend Owner from any costs or liabilities incurred by Owner as a result of Lessee's breach of this provision.

SECTION 21. Term of Agreement. This Agreement will remain in force from the date hereof and for so long as the Lease, the APC Lease, or the State Lease remain in effect, and for so long thereafter as any of Lessee's obligations hereunder remain to be satisfied.

SECTION 22. Termination of Use Rights. All use rights granted hereunder will automatically terminate upon termination of (i) this Agreement; or (ii) the applicable leasehold estate under the Lease, the APC Lease, or the State Lease. If the leasehold estate terminates under one or part of one of the leases but not the others, use rights will terminate only in respect of the lands included within the terminated lease or terminated portion of lease. If Lessee or Owner has recorded a memorandum of its use rights or this Agreement, Lessee will cause to be recorded a notice of abandonment of such rights or the termination of this Agreement with the appropriate county land record repository.

SECTION 23. Confidentiality and Recording. The financial terms of this Agreement will remain confidential. Either party may, at its option, record in the appropriate county land record repository, or submit to regulatory agencies having jurisdiction over oil and gas operations, a memorandum of agreement, approved in writing in advance by Owner, describing certain elements of this Agreement, or record or submit this Agreement to give constructive notice of its rights or to comply with regulatory requirements for evidence of an agreement with Owner. However, in no event will the financial terms be recorded or divulged to third parties, except to a legitimate purchaser or assignee.

SECTION 24. Assignability. This Agreement will not be assigned to a person or entity that shall undertake the duties of operator under the applicable Lease, the APC Lease, or the State Lease, or under other oil and gas leases with which the Lease, the APC Lease, or the State Lease is pooled, and which include a mineral interest of Lessee, without Owner's prior written consent not to be unreasonably withheld if assigned to a reputable person or entity that expressly assumes the obligations of Lessee and has proven financial capability so to do. Any such purported assignment without Owner's prior written consent will be void and of no force and effect. Owner



will have thirty (30) days following receipt from Lessee of the information stipulated in this Section to notify Lessee of its consent or objection to the proposed assignment by Lessee. Owner's failure to respond within such time period will be deemed consent. So as to facilitate Owner's evaluation of a prospective new assignee, Lessee will provide accurate background information on that party including, among other documents, if available, a third party financial report, net income and balance sheets for the preceding three (3) years, evidence that Lessee's prospective assignee or its owners or officers has a proven record of having been a reasonable and prudent operator (including, but not limited to, effectively protecting the environment) and such other information as Owner may reasonably request. If Lessee assigns any part of the Lease, the APC Lease, or the State Lease to a third party, there shall be created (automatically and without the necessity of the execution of a new document), a surface use agreement, as of the date such assignment is effective, with the same terms and conditions as this Agreement ("New SUA") which shall be applicable to that part of the Property being used by Lessee prior to the assignment for the exploration for and production of oil or gas on the leasehold interest that is assigned. By way of example and not limitation, if Lessee has the right to drill a well onto the State Lease from an OGOA established under this Agreement and that State Lease is assigned to a third party, a New SUA with the same terms and conditions as set forth in this Agreement shall be created without further action on the part of Owner or the third party assignee and be applicable to the leasehold interest assigned such that the third party assignee of the State Lease will have a right to conduct operations within the applicable OGOA as if it were the Lessee under this Agreement. The third party assignee shall have no other rights to use the Property for the development of the leasehold interest assigned. This Agreement shall remain in full force and effect as to any part of the Lease, the APC Lease, or the State Lease that is not assigned and remains with Lessee. If Lessee assigns all of its interest in the Lease, the APC Lease and the State Lease to the same third party, Lessee shall also assign this Agreement, in accordance with the terms set forth herein, to such third party and this Agreement shall be the operative surface use agreement for the entirety of the leasehold interests assigned.

SECTION 25. Assignees Bound. The terms and provisions contained herein will run with the land and will be binding on the agents, heirs, successors, and assigns of Owner and Lessee.

SECTION 26. Default. In the event of default by Lessee in the payment of any of the sums to be paid to Owner, Owner will notify Lessee in writing, and Lessee will have ninety (90) business days after the date of receipt of such notification to cure such default and make the required payment, together with interest at a per annum rate equal to two (2) percent per annum above LIBOR rate as most recently published in The Wall Street Journal, calculated from the original due date. In the event of breach or default of any other obligations of Lessee set forth herein, Owner will notify Lessee in writing of the breach or default, and Lessee will have thirty (30) calendar days to dispute the matter or initiate action to cure the breach or default. In the event of a dispute with respect to an alleged breach or default, the parties will seek to resolve the dispute under Section 27 of this Agreement. Waiver of any default will not be deemed a waiver of subsequent defaults, but notice thereof will be given by Owner to Lessee as herein provided.

SECTION 27. Dispute Resolution. In case of a disagreement between the parties to this Agreement as to any right, obligation, term, or provision hereof (a "dispute"), the parties shall make an earnest effort to settle such dispute to their mutual satisfaction. In the event any such dispute cannot be reconciled by the parties, then any party may provide notice to the other



specifying with particularity the items of disagreement and a request that the matter be resolved promptly by confidential mediation in Denver, Colorado, under the then current CPR Mediation Procedure before resorting to litigation. The mediator shall be an attorney agreeable to both parties, and shall have extensive experience in the area of law relating to the exploration and production of oil and natural gas. The mediator will be entitled to hear any controversy relating to accounting, calculation and payment of fees, operating standards, and interpretation of Agreement terms. The parties shall make good faith efforts to resolve the dispute within forty-five (45) days after a party initiates the CPR Mediation Procedure. If the dispute is not resolved by mediation to the satisfaction of the parties within that time frame, then either party may initiate appropriate legal proceedings.

SECTION 28. Attorney Fees/Governing Law. If either party defaults under this Agreement, such party will pay the costs and expenses, including reasonable attorney's fees, incurred by the other party in enforcing this Agreement, but only to the extent of the claims upon which such party prevails at trial. This Agreement will be governed and construed in accordance with the laws of the State of Colorado, without regard to any conflict of laws provision that would apply the law of another state or jurisdiction. The parties agree that any action or proceeding arising out of or related in any way to this Agreement shall be brought solely in a court of competent jurisdiction sitting in the City and County of Denver, Colorado. The parties hereby irrevocably and unconditionally consent to the jurisdiction of any such court and hereby irrevocably and unconditionally waive any defense of an inconvenient forum to the maintenance of any action or proceeding in any such court, any objection to venue with respect to any such action or proceeding, and any right of jurisdiction on account of the place of residence or domicile of any such party thereto. If either Party finds it reasonably necessary to resort to legal action to enforce the terms of this Agreement, and it prevails in such endeavor, the other Party will be obligated to reimburse the prevailing Party's attorneys' fees, court costs, and other reasonable costs incurred and associated with its successful claims in enforcing the terms of this Agreement. If the Party defending against such claims prevails in such defense, the other Party will be obligated to reimburse the defending Party's attorneys' fees, court costs, and other reasonable costs incurred and associated with its successful defense of claims made under the terms of this Agreement.

SECTION 29. Notices and Contacts. Except as otherwise required by law, any notice, demand or request given in connection with this Agreement shall be in writing and shall be given by personal delivery, overnight courier service, facsimile, or United States Postal Service certified mail, return receipt requested, postage or other delivery charge prepaid, addressed to the appropriate party at the following addresses (or at such other address or addresses as a party may designate in writing given in accordance with this paragraph). Email shall not constitute an acceptable medium for giving notice under this Lease unless actually acknowledged by the receiving party by return email or other writing sent by him or her. Notices shall be effective only upon actual receipt by the person to whom it is addressed. Such receipt may be confirmed by email, return fax or other written medium.

If to Owner:

David H. Powers  
Energy Group Manager  
Natural Resource Services



SPD Real Estate  
50 East North Temple Street, 12<sup>th</sup> Floor  
Salt Lake City, Utah 84150-0012  
Phone: 801-240-5288  
Fax: 801-240-4005  
E-mail: powersdh@ldschurch.org; and  
naturalresources@ldschurch.org

And to:

Mineral Rights Property Manager  
Natural Resource Services  
SPD Real Estate  
50 East North Temple Street; 12<sup>th</sup> Floor  
Salt Lake City, Utah 84150-0012  
Phone: 801-240-3331  
Fax: 801-240-4005  
E-mail: b.cragun@ldschurch.org

If to Lessee:

Burlington Resources Oil & Gas Company LP  
ConocoPhillips Company  
Attn: RPA  
P.O. Box 7500  
Bartlesville, Oklahoma 74004

And to:

Burlington Resources Oil & Gas Company LP  
ConocoPhillips Company  
Attn: Surface Land  
34501 E. Quincy Ave. Building #1  
Watkins, Colorado 80137  
Email: Maxwell.O.Blair@conocophillips.com  
Phone: 303-268-3711  
24-hour Emergency Number: 855-595-8258

Owner may contact Lessee at the address and telephone number set forth above at all times during normal business hours to notify Lessee of any problem that Owner may have concerning the operations of Lessee.

SECTION 30. Waiver. By signing this Agreement, a party does not waive any of its statutory and common law rights, including the rights to occupy and enjoy its respective estate,

nor does Lessee waive any rights Lessee has under the Lease, except with respect to the surface use rights of the Property which Lessee may otherwise have by virtue of the Lease.

SECTION 31. Force Majeure. No delay or failure of performance by either party will constitute default hereunder or give rise to any claim for damages if, and to the extent, such delay or failure is caused by a force majeure event. Force majeure event means an unforeseeable, irresistible occurrence beyond the control and without the fault or negligence of the party affected and which said party is unable to prevent or provide against by the exercise of reasonable diligence including, but not limited to: acts of God or the public enemy; expropriation or confiscation of facilities; changes in law; war, rebellion, sabotage or riot, floods, unusually severe weather that could not reasonably have been anticipated; fires, explosions, or other catastrophes; strikes or any other concerted acts of workers; other similar occurrences, but lack of finances will in no event be deemed to be a cause beyond a party's control. The party invoking force majeure will (i) notify the other party as soon as practicable under the circumstances of the force majeure event, (ii) make every effort to remedy the cause of non-performance, and (iii) perform the entirety of its obligations as soon as possible after this cause has gone; thereupon, the obligations of the party, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. An event arising from well operations, such as, by way of example and not limitation, a well blow-out, will not be considered a force majeure event. Anything in this paragraph to the contrary notwithstanding, no failure by Lessee to perform its obligations hereunder shall be excused by reason of force majeure for a period of more than three (3) consecutive years.

SECTION 32. Amendments. This Agreement may only be amended by the written agreement of both parties.

SECTION 33. Relationship of Owner and Lessee. This Agreement does not create any special relationship between the parties including, without limitation, that of joint venturers or partners. Nothing in this Agreement will be construed to establish a fiduciary relationship, a relationship of trust or confidence, or a principle-agent relationship between Owner and Lessee for any purpose.

SECTION 34. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, Owner and Lessee intend that the remainder of this Agreement will remain in full force and effect so as to fulfill as fully as possible the intent of the parties as expressed by the existing terms of this Agreement.

SECTION 35. Counterparts. This Agreement may be executed in two or more original counterparts, all of which together will constitute one and the same Agreement.




IN WITNESS WHEREOF, this Agreement is executed as of the Effective Date.

Owner: PROPERTY RESERVE, INC.

By:   
Name (Print): Mark B. Gibbons  
Its: Authorized Agent President  
Tax ID No.: 712716

Lessee: CONOCOPHILLIPS COMPANY

By:   
J. D. Adkins  
Attorney-In-Fact

BURLINGTON RESOURCES OIL & GAS  
COMPANY LP

By: BROG GP LLC, its sole General Partner

By:   
J. D. Adkins  
Attorney-In-Fact

STATE OF UTAH                    )  
  ) ss  
COUNTY OF SALT LAKE    )

On this 27th day of July, 2016 personally appeared before me Mark B. Gibbons, personally known to me to be an Authorized Agent of PROPERTY RESERVE, INC., a Utah non-profit corporation, who acknowledged before me that he signed the foregoing instrument as Authorized Agent for PROPERTY RESERVE, INC., a Utah non-profit corporation.

WITNESS my hand and official seal.



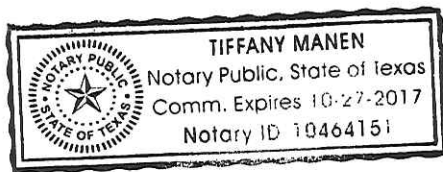
  
NOTARY PUBLIC

STATE OF TEXAS                    )  
  ) ss  
COUNTY OF HARRIS \_\_\_\_\_)

On this 20<sup>th</sup> day of July, 2016, personally appeared before me J. D. Adkins whose identity is personally known to me and who by me duly sworn, did acknowledge before me that he signed the foregoing instrument as Attorney-In-Fact for CONOCOPHILLIPS COMPANY, a Delaware corporation, and BROG GP LLC, sole General Partner of BURLINGTON RESOURCES OIL & GAS COMPANY LP, a Delaware limited partnership.

WITNESS my hand and official seal.

Tiffany Manen  
NOTARY PUBLIC





## EXHIBIT A

### **PARCEL A – ADAMS COUNTY**

#### **THE FOLLOWING DESCRIBED TRACTS OF LAND, ALL BEING LOCATED IN TOWNSHIP 3 SOUTH, RANGE 65 WEST OF THE 6<sup>TH</sup> P.M.**

**Section 13: ALL**

**Section 15: the West ½ and the Southeast ¼**

**Section 22: All**

**Section 26: All except the lands covered by the Reserve 3-65 26 1H well.**

**Section 27: All**

**Section 33:** The West 1/2 EXCEPT the west 210 feet of said Section 33 described in deed to Public Service Company of Colorado recorded in Book 800 at Page 412; and EXCEPT the following described part conveyed to Department of Highways, State of Colorado by deed recorded in Book 603 at Page 149, TO WIT: Beginning at the South 1/4 Corner of said Section 33; thence North a distance of 177.0 feet along the East Line of the Southwest 1/4 of said Section 33; thence North 89°50' West, 1883.2 feet; thence North 77°03' West, 677.8 feet; thence North 25°17' West, 166.1 feet; thence North 89°50' West, 30.0 feet to the West line of said Section 33; thence South, 477.0 feet to the Southwest Corner of said Section 33; thence South 89°50' East, 2644.7 feet, more or less, to the point of beginning; TOGETHER with an easement 100 feet wide for ingress and egress to the above described property over and across the following described property: Beginning at a point on the West Line of said Section 33 and 180 feet South of the South Line of the U.P.R.R. right of way; thence South along the West Line of said Section 33, a distance of 100 feet; thence East, 210 feet; thence North, 100 feet; thence West, 210 feet, more or less, to the point of beginning of said right of way.

**Section 34: The Northwest ¼**

**Section 35:** The North ½ and the Southeast ¼ EXCEPT that part deeded to the Union Pacific Railroad in Book 25 at Page 158 and, EXCEPT the following described part of said Southeast ¼ conveyed to the County of Adams by deed recorded in Book 194 at Page 470, TO WIT: Beginning at a point from which the South ¼ Corner of said Section 35 bears South a distance of 60 feet more or less; thence Northeasterly along a 3° curve, an arc distance of 42 feet; thence North 78°24' East, 2665.3 feet; thence South 0°14' West, 103 feet; thence South 78°24' West, 2517.3 feet; thence West, 193 feet; thence North, 60 feet to the point of beginning; and EXCEPT the following described part of said Southeast ¼ conveyed to Raymond J. Green and Helen M. Green by deed recorded in Book 369 at Page 130, TO WIT: Beginning at a point on the South Line of said ¼ Section, which point is 30 feet West of the Southeast Corner of said ¼ Section; thence North, parallel to the West Line of said ¼ section, 550 feet; thence in a straight line

Southwesterly following the line of the state highway boundary fence to a point on the West Line of said  $\frac{1}{4}$  Section; thence South to the South Line of said  $\frac{1}{4}$  Section; thence East along the South Line of said  $\frac{1}{4}$  Section to the point of beginning; County of Adams, State of Colorado. Excepting the lands covered by the Reserve 34-35 1H well.

## **PARCEL B – ARAPAHOE COUNTY**

### **THE FOLLOWING DESCRIBED TRACTS OF LAND, ALL BEING LOCATED IN TOWNSHIP 4 SOUTH, RANGE 65 WEST OF THE 6<sup>TH</sup> P.M.**

**Section 3:** The East  $\frac{1}{2}$  EXCEPT that part thereof described in deed to Arapahoe County recorded in Book 322 at Page 345; and EXCEPT that part thereof lying North of the Union Pacific Railroad right of way as described in deed to Herman G. Fischahs and Wilhelmina M. Fischahs recorded in Book 1096 at Page 88; and EXCEPT that part thereof described in deed to the Department of Highways, State of Colorado, recorded in Book 961 at Page 527. Excepting the lands covered by the Property Reserve 4-65 3-4 1H well.

**Section 4:** The Southwest  $\frac{1}{4}$

**Section 5:** ALL: EXCEPT that part thereof described in deed to Arapahoe County recorded in Book 303 at Pages 30 and 31, respectively; and EXCEPT that part thereof described in deed to the Department of Highways, State of Colorado, recorded in Book 961 at page 423; and EXCEPT the East 210 feet of said Section 5, as described in deed to Public Service Company of Colorado recorded in Book 1199 at Page 440 and re-recorded in Book 1213 at Page 151; and EXCEPT the following described part of the East  $\frac{1}{2}$  Northeast  $\frac{1}{4}$  conveyed to Public Service Company of Colorado by deed recorded in book 1606 at page 364, TO WIT; Beginning at a point on the South Line of State Highway No. 8 from which the Northeast Corner of said Section 5 bears North  $53^{\circ}34'45''$  East, a distance of 355.4 feet; thence South  $4^{\circ}45'$  East, 761.8 feet; thence North  $0^{\circ}45'$  East, 741.9 feet to the South Line of State Highway No. 8; thence North  $76^{\circ}33'30''$  West along said South Line, 75 feet, more or less, to the point of beginning; and EXCEPT that part described in deed to the department of Highways, State of Colorado recorded January 16, 1976 in Book 2411 at Page 120.

**Section 6:** The East  $\frac{1}{2}$  East  $\frac{1}{2}$  Northeast  $\frac{1}{4}$  and the East  $\frac{1}{2}$  West  $\frac{1}{2}$  East  $\frac{1}{2}$  Northeast  $\frac{1}{4}$  and the Southeast  $\frac{1}{4}$ ; EXCEPT those parts thereof described in deed to Arapahoe County recorded in Book 299 at Pages 38, 158 and 283, respectively; and EXCEPT that part thereof described in deed to the Department of Highways, State of Colorado recorded in Book 961 at Page 519; EXCEPT that part thereof described in Book 961 at page 519; EXCEPT that part thereof described in deed to the Department of Highways, State of Colorado recorded on January 16, 1976 in Book 2411 at Page 120, County of Arapahoe, State of Colorado.