

## AGREEMENT

This Agreement ("Agreement") dated the 4<sup>th</sup> day of August, 2017, is by and between Cervi Enterprises, Inc., 30130 County Road 49, Greeley, CO 80631 ("Cervi") and Bonanza Creek Energy Operating Company, LLC, 410 17th Street, Suite 1400, Denver, CO 80202 ("Bonanza"). Cervi and Bonanza may be individually referred to herein as a "Party" and collectively as the "Parties". This Agreement shall be effective as of August 4<sup>th</sup>, 2017 (the "Effective Date").

### Recitals

Cervi owns an interest in part or all of the surface estate depicted on Exhibit A (the "Property"), and Bonanza owns certain leasehold interests on the Property and other lands adjacent thereto. Bonanza desires to commence operations, as defined below, on the Property for those certain eight wells and their associated locations described in Exhibit B (each individually a "Well" and collectively, the "Wells") no later than August 14, 2017.

### Agreement

Now therefore, for and in consideration of the covenants and agreements herein contained, the Parties agree as follows:

1. Agreement Limitations. The Parties acknowledge that this Agreement shall be limited insofar and only insofar as the Operations (defined below) pertain to each of the eight (8) Wells contemplated herein. This Agreement shall not affect the Parties' respective rights and obligations with respect to the surface estate, surface use, or leasehold interests, except as to the Wells contemplated and described herein.

2. Operations Areas. Exhibit B, pages B-1 through B-8, identifies the operations areas for the Wells ("Operations Areas"). Exhibit B also identifies the access easements from the Powerline Road, as such road is depicted on Exhibit A, to the Operations Areas identified on Exhibit B1 – B-8 ("Access Easements") for the Wells that are the subject of this Agreement.

3. Grant of Access. Cervi hereby grants Bonanza unrestricted access to and from the Operations Areas from Highway 34 on the Powerline Road and the Access Easements for Bonanza's operations, including the location-construction, exploration, drilling, stimulation, completion, reworking, equipping, production, maintenance, plugging and abandoning (collectively the "Operations"), insofar and only insofar as such Operations pertain to each of the Wells. Except for the Operations Areas, Powerline Road, and Access Easements, Bonanza shall not disturb the surface of the Property. Bonanza shall have the right to flare gas produced from the Wells.

4. Agreement Compensation.   


5. Temporary Water Line(s). Upon completion of a separate water agreement between Cervi and a third-party water supplier, Cervi agrees to allow Bonanza, or a third-party acting on behalf of Bonanza, the right to lay temporary water lines(s) on the surface of the Property for purposes of supplying fresh water to the Wells for the completion operations of each Well. Such lines shall be laid along the roads shown on Exhibit A. If a water agreement as described herein is not complete and/or the associated water lines are not in place or otherwise capable of supplying fresh water to the Wells in adequate time to assure Bonanza the ability to complete any Well on schedule, as determined by Bonanza, then Bonanza shall have the right to truck water to the Wells, in whole or in part.

6. Operational Requirements. Bonanza agrees to abide by The Ranch Rules described on Exhibit C (the "Ranch Rules").

7. Grant of Subsurface Easement. Bonanza is hereby granted a subsurface easement, during the term of this Agreement, for passage of the wellbore for each Well as depicted on Exhibit B-9, whether producing or nonproducing, including the right to occupy and use the subsurface pore space displaced by the wellbore and all subsurface structures adjacent thereto. This easement is not intended to apply to any future wells drilled on the Property.

8. No Pits or Disposal. There shall be no pits or disposal of oilfield waste on the Property and there shall be no wells drilled thereon for injection of produced water, flow back fluids, or other liquid waste. No compressors shall be located on the Property. There shall be no underground gas storage or sequestration of any substances.

9. Fencing and Construction. Bonanza shall build pads in line with the following operational standards:

Pad construction and reclamation will be conducted following industry standard practices and will meet regulatory requirements with the exception of the below actions regarding topsoil that were specifically requested by Cervi.

- (i) Rule 1002.b.(2) of the Rules and Regulations of the Colorado Oil & Gas Conservation Commission ("COGCC") provides that operators shall separate and store the topsoil horizon on location prior to pad grading activities. Per Cervi's request, the Parties agree that topsoil will not be segregated and stockpiled on location and will instead be incorporated into the cut/fill during pad construction. Cervi agrees to evidence to the COGCC Cervi's express waiver of Rule 1002.b.(2) during the COGCC rule variance process for each location.
- (ii) Once a level pad has been constructed, four inches of a clay-like structural layer will be applied to the pad surface prior to road base application.
- (iii) Road base will be used as the final surface layer on the pad and will only be removed where necessary for interim and final reclamation activities.
- (iv) Following removal of road base during interim and final reclamation, Bonanza will incorporate the underlying clay material into the surface as a

beneficial amendment and will re-seed using a seed mix approved by Cervi.

Bonanza shall fence each wellsite before it begins any Operations, including constructing a pad on, or moving equipment or supplies on to, a wellsite. Bonanza shall thereafter adjust, move or replace the fence for the wellsite (including separators, tank batteries, and other surface equipment on that site) with a substantial fence consistent with the specifications set forth below. Bonanza shall install an access gate for each wellsite.

Permanent fences shall at a minimum consist of two and seven-eighths inch (2 7/8") diameter, one-quarter (1/4") inch walled steel pipe corner braces set three and one-half feet (3 1/2") deep in concrete, with intermediate steel t-posts spaced no more than twelve feet from each other and steel or hardwood stays spaced every four feet (4'), and five (5) strands of galvanized barbed wire stretched tight across the braces, posts and stays.

All fences and gates erected by Bonanza on the Property shall be capable of turning livestock, regardless of duration or purpose. Gates and cattle guards shall be a heavy weight, welded steel assembly stout enough to contain livestock and exclude predators. Gates shall be twelve feet (12') in width and fifty-six inches (56") tall. Cattle Guards shall be constructed of two and seven-eighths inch (2 7/8") diameter, one-quarter (1/4") inch walled steel pipe and be a minimum eight feet (8') in depth, sixteen feet (16') in width and have a minimum of 36" of soil removed from beneath each of them. Gates and cattle guards shall be painted to match the color of other gates on the Land.

- (i) On termination of this Agreement, all cattle guards and gates installed by Bonanza shall become Cervi's property.
- (ii) Bonanza's personnel shall promptly close and lock all gates they may use traveling to or from a wellsite or easement to prevent the escape or entrance of livestock through any open gates. Bonanza further agrees to comply with all reasonable rules and regulations imposed by Cervi with regard to opening and closing and locking all such gates.

10. Surface Equipment and Installations. Bonanza shall keep all surface equipment, facilities, and fixtures in a good state of repair. Bonanza shall adhere to COGCC rules regarding production equipment visual impact mitigation and containment sizing and construction. Bonanza shall only store unused equipment, materials, pipe or supplies on a wellsite as may be reasonably necessary for the conduct of current Operations on that site. Bonanza shall store all other equipment and materials at a yard or other location outside of the boundaries of the Property. Bonanza shall remove any unused chemicals and liquids, equipment, materials, pipe or supplies from a wellsite on the completion of its Operations.

11. Surface Condition. Bonanza shall keep all wellsites and easements clean and free of debris, foreign materials, garbage, litter, noxious weeds, refuse, trash and waste ("non-hazardous oilfield trash") at all times. Bonanza shall properly dispose of all hazardous materials and non-hazardous oil field trash. Bonanza shall not, under any circumstance, bury, burn or otherwise dispose of any debris, foreign materials, litter, noxious weeds and trash on the Property.

12. Environmental Safeguards. Bonanza shall employ the best available equipment to recycle volatile organic compounds from tanks and separators in order to minimize escape of

VOC's into the environment. Bonanza shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Property. Any spill of oil, grease, solvents, chemicals, or hazardous substances on the Property which are reportable to regulatory authorities under applicable law or regulations shall be reported within twenty-four (24) hours to Cervi by telephone, fax, or e-mail, to be followed by copies of written notices which Bonanza has filed with regulatory authorities within five (5) business days after such filing.

13. Storm Water and Erosion Control. Bonanza shall be responsible for complying with all federal, state and local regulations relating to storm water runoff, sediment, and erosion control and shall obtain storm water permit(s) for all of Bonanza's activities.

14. Employee Parking and Living Quarters. Bonanza's employees shall not park on the Property outside of the Operations Areas and are permitted to park in the Operations Areas only while conducting operations on behalf of Bonanza. No living quarters shall be constructed upon the Property, except that drilling crews and geologists or service personnel may use temporary trailers during drilling, completion, or reworking activities.

15. Compliance with Laws. Bonanza agrees to comply with and conform to all applicable laws, rules and regulations, including without limitation, the Rules and Regulations of the Colorado Oil and Gas Conservation Commission, or other such agencies having jurisdiction over the Property.

16. No Release of Liability. This Agreement does not relieve Bonanza from liability due to spills or discharges of any hydrocarbons or toxic substance or hazardous chemicals or wastes, or from leaks or breaks in Bonanza's pipelines. Any pollution of the Property or groundwater due to spills or leaks of hydrocarbons, chemicals, produced water, or other oilfield waste, shall be reclaimed to the pre-contamination condition of the Property and/or groundwater.

17. Power Lines. There shall be no above ground power lines installed by Bonanza on the Property.

18. Water Quality and Quantity. Prior to commencement of its initial Operations on the Property under this Agreement, Bonanza, at its sole expense, shall conduct baseline testing of the water wells identified on Exhibit D in accordance with Rule [fill in rule number] of the COGCC. All test results will be provided to Cervi. In addition, Cervi shall be entitled to conduct tests at its cost and those results will be shared with Bonanza.

19. Indemnity. BONANZA SHALL INDEMNIFY, RELEASE AND HOLD HARMLESS CERVI FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, DAMAGE, CLAIMS, DEMANDS, COSTS AND EXPENSES OF WHATSOEVER NATURE, INCLUDING COURT COSTS AND ATTORNEY'S FEES, WHICH MAY RESULT FROM INJURY TO OR DEATH OF ANY PERSONS WHOMSOEVER, OR DAMAGE TO OR LOSS OR DESTRUCTION OF PROPERTY HOWEVER CAUSED, WHICH IN ANY WAY WHATEVER IS DUE TO OR ARISES BECAUSE OF BONANZA'S ACTS OR OMISSIONS AND BREACH(ES) OF THIS AGREEMENT WHILE PRESENT ON, OCCUPYING OR USING THE LANDS PURSUANT TO BONANZA'S OIL AND GAS RIGHTS, EXCEPT TO THE EXTENT THAT SUCH LIABILITY, LOSS, DAMAGE, CLAIM, DEMAND, COST AND EXPENSE ARISES AS A RESULT OF CERVI'S NEGLIGENCE OR WILLFUL MISCONDUCT.

CERVI SHALL INDEMNIFY, RELEASE AND HOLD HARMLESS BONANZA AND ITS EMPLOYEES, OFFICERS, DIRECTORS AND AFFILIATES FROM AND AGAINST ANY AND ALL LIABILITY, LOSS, DAMAGES, CLAIMS, DEMANDS, COSTS AND EXPENSES OF WHATSOEVER NATURE DUE TO GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF CERVI.

20. Insurance. Throughout the term of this Leasehold Agreement, Bonanza and Bonanza's contractors and subcontractors conducting Operations on the Property shall obtain and maintain at least the following minimum types and amounts of insurance: (a) worker's compensation and employer's liability, including (i) statutory workman's compensation insurance meeting or exceeding the minimum statutory requirements for Colorado, (ii) employer's liability insurance, with the following coverage and minimum limits (aa) bodily injury by accident \$1,000,000.00 each accident, (bb) bodily injury by disease \$1,000,000.00 each employee, and (cc) bodily injury by disease \$1,000,000.00 aggregate, and (iii) alternate employer/borrowed servant; (b) general comprehensive liability insurance, the limits of the liability of such policy to be not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate for bodily injury and property damage, premises/operations, independent contractors, personal and advertising injury, products, completed operations, blanket contractual liability, blowout and cratering, explosion, collapse and underground, sudden and accidental pollution liability; (c) commercial automobile liability with bodily injury and property damage combined single limit of \$1,000,000.00 per occurrence, including (aa) owned, hired and non-owned vehicles and (bb) automobile pollution liability; (d) control of well and Bonanza's extra expense with limits of \$20,000,000.00 per occurrence; and (e) commercial umbrella liability (occurrence form) with limits of \$10,000,000.00 per occurrence and \$10,000,000.00 aggregate.

21. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed by the laws of the State of Colorado.

(b) Confidentiality. Cervi agrees to keep, and to ensure that Cervi's representatives keep, the amount of consideration agreed to and paid by Bonanza under this Agreement confidential, and neither Cervi nor Cervi's representatives shall disclose this information without the advance written consent of Bonanza.

(c) Counterpart Execution. This Agreement may be executed in counterparts, no one of which needs to be executed by all Parties, or may be ratified or consented to by separate instrument, in writing, specifically referring to the Agreement, and shall be binding upon all Parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

(d) Entire Agreement. This Agreement represents the entire agreement and understanding among the Parties with respect to the subject matter of this Agreement; supersedes any and all prior oral and written agreements, arrangements and understandings among the Parties with respect to such subject matter; and can be amended, supplemented or changed, and any provision hereof can be waived, only by a written instrument making specific reference to this Agreement signed by the Party against whom enforcement of

any such amendment, supplement, modification or waiver is sought. Execution of this Agreement in no way governs or sets precedent for future negotiations regarding issues that are not the subject matter of this Agreement.

(e) No Third-Party Benefit. Cervi acknowledges that this Agreement does not confer to Cervi any third-party rights or benefits in any other agreement or understanding concerning the Property, leases, or assets, and expressly agrees that with respect to this Agreement it will not claim or assert any right or benefit to any agreement concerning the Property, leases, or assets to which it is not a party.

(f) Successors and Assigns. This Agreement shall be binding upon the Parties and their respective successors and assigns. This Agreement may not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however, notwithstanding the restrictions on assignment set forth above: (i) either Party may assign this Agreement to any of its affiliates without the consent of the other Party, (ii) Bonanza, without the consent of Cervi, may assign this Agreement as security in connection with arranging financing for Bonanza or any of its affiliates or upon enforcement of any such security; and (iii) either Party, without the consent of the other Party, may assign this Agreement to a successor entity (whether by merger, by consolidation, or by sale of substantially all the assets of such Party).

(g) Partial Invalidity. If at any time subsequent to the date of this Agreement, any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of any other provision of this Agreement.

(h) No Waiver. The failure of any Party at any time or times to require performance of any provision this Agreement shall not affect the right at a later time to enforce the same. No waiver by any Party of any condition, and no breach of any provision, term, or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be construed as a further or continuing waiver of any such condition or of the breach of any other provision, term or covenant of this Agreement.

(i) Term. Each Party covenants and agrees that it shall strictly observe the terms and conditions regarding surface occupancy set forth in this Agreement. This Agreement, and the rights and benefits granted and created herein shall be effective as of the Effective Date and shall continue in full force and effect until both (i) Bonanza has permanently ceased Operations on the Property with respect to the Wells, and (ii) has plugged and abandoned all of the Wells and conducted reclamation in accordance with applicable Colorado Oil and Gas Conservation Commission ("COGCC") Rules and Regulations, except that any release, discharge or indemnity from and against liability contained herein with respect to Operations on the Wells shall survive the expiration of this Agreement.




(j) Consents and Waivers. Cervi hereby waives any and all notice periods under COGCC Rules 305 and 318 with respect to the eight Wells and agrees to execute any waiver or consent documents needed to further evidence such waiver. This provision is not intended to apply to any future wells drilled on the Property.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

**CERVI ENTERPRISES, INC.**

By:   
Mike Cervi, President

**BONANZA CREEK ENERGY OPERATING  
COMPANY, LLC**

By:   
Curt Moore   
Senior Vice President, Land 

ACKNOWLEDGMENTS

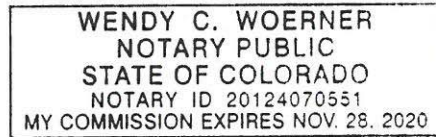
STATE OF COLORADO )  
 ) ss.  
COUNTY OF Weld )

This instrument was acknowledged before me this 8<sup>th</sup> day of August, 2017, by Mike Cervi as President of Cervi Enterprises, Inc.

WITNESS MY HAND AND OFFICIAL SEAL.

Wendy C. Woerner  
Notary Public

My commission expires: NOV 28, 2020



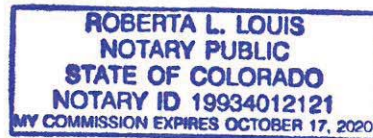
STATE OF COLORADO )  
 ) ss.  
COUNTY OF DENVER )

This instrument was acknowledged before me this 7<sup>th</sup> day of August, 2017, by Curt Moore as Vice President, Land, of Bonanza Creek Energy Operating, LLC.

WITNESS MY HAND AND OFFICIAL SEAL.

Roberta L. Louis  
Notary Public

My commission expires: 10/17/2020



## Exhibit D

Attached to and by reference made a part of that certain Letter Agreement dated August 4<sup>B</sup>, 2017, by and between Cervi Enterprises, Inc and Bonanza Creek Energy Inc.

### **COGCC 318A Sampling Analysis (Need one water well sample per pad)**

Longhorn 14-11 Pad – No wells present within required ½ mile radius

Longhorn 41-10 Pad – 1 potential WW; Receipt 9058348

Mustang 12-26 Pad – 3 potential WWs; Receipt 0015578A ,Receipt 0306738A (both also for Mustang 42-34 and 14-26 Pads), Receipt 0313533 (already sampled well for Mustang 42-22 Pad)

Mustang 14-26 Pad – Same 3 potential WWs as the Mustang 42-34 Pad

Mustang 42-22 Pad – 4 potential WWs; Receipt 0313533 (already sampled for Mustang 42-22 Pad); Receipt 9059459; Receipt 9059460; Receipt C620527

Mustang 42-34 Pad – 3 potential WWs; Receipt 0015578A ,Receipt 0306738A, Receipt 0359985A (also works for the Mustang 44-34 Pad)

Mustang 44-22 Pad – Receipt 0313533 (Complete - baseline sample collected 7/13/17)

Mustang 44-34 Pad – 1 potential WW; Receipt 0359985A