

**AGREEMENT FOR SETTLEMENT OF SURFACE DAMAGES  
AND GRANT OF RIGHTS AND WAIVERS**

This Agreement for Settlement of Surface Damages and Grant of Rights and Waivers ("SDA") is entered into on May 8<sup>th</sup>, 2019, ("Effective Date") by and between Cleland Dairy Farms LLC ("Surface Owner"), whose address is 2474 County Road 7, Erie, CO 80516 and **Kerr-McGee Oil & Gas Onshore LP** ("KMG"), with offices at 1099 18<sup>th</sup> Street, Suite 1800, Denver, Colorado 80202, covering certain lands (the "Lands") situated in Weld County, Colorado, described as follows:

Township 1 North, Range 68 West of the 6<sup>th</sup> P.M.

Section 15: part of the SW/4; more specifically described as Lot B in Recorded Exemption RE-4787; also identified as Parcel No. 146715300082.

**NOW, THEREFORE**, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Compensation; Release of All Claims

KMG shall pay to Surface Owner the sum set forth in that certain Agreement Regarding Compensation between Surface Owner and KMG entered into contemporaneously with this SDA, as full consideration and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or growing crops thereon that may occur as a result of KMG's normal and customary operations on the Lands, including, but not limited to, KMG's drilling and completion operations, its continuing activities for the production and transportation of oil, gas, other hydrocarbons, water or products associated with such operations and activities, use of the surface of the Lands, ingress, egress, access roads, wellhead equipment, separators, tank batteries, pipelines, gathering lines, flowlines, pipeline interconnections, electrical lines and equipment, data transmission lines and equipment, and any and all other reasonable and customary uses of the Land related to all such operations or activities.

2. Acknowledgement

Surface Owner acknowledges and understands that KMG, as owner or lessee of the oil and gas estate in the Lands, owns an easement and right-of-way that burdens so much of the Lands as is necessary for oil and gas development, and that KMG has a continuing right and entitlement to use the surface of the Lands for its operations, including, but not limited to, access, construction, operation, maintenance, repair and replacement of temporary above-ground water lines and completion fluid lines, subsurface flowlines, gathering lines and other pipelines, data transmission lines, electrical lines and related equipment (both subsurface and above-ground) that may be necessary or convenient to its operations on the Lands.

3. Grant of Additional Rights and Easements

Surface Owner grants to KMG the following:

(i) the right to drill on the Lands oil and gas wells that produce and drain oil, gas and hydrocarbons from the Lands and lands other than the Lands (the "Wells") and to locate, construct, use, and maintain surface equipment related to such Wells on the Lands (the "Facilities"). The Wells and Facilities shall be located within the Oil & Gas Operations Areas depicted on Attachment 1 (each, an "OGO"), including, but not limited to, wellheads, associated production equipment, flowlines, compressors and facilities related to transportation of oil and natural gas; and

(ii) a non-exclusive easement and right-of-way on and across the Lands for the purpose of constructing, using and maintaining access roads at the locations shown on Attachment 1. The foregoing grant of easement and right-of-way is subject to prior existing rights, including exceptions, reservations and encumbrances of record; and

(iii) the right to locate on the Lands at locations to be determined by KMG a non-exclusive easement and right of way for subsurface utilities for use related to operations on the Lands and other lands, and if possible to locate such utilities along the property lines or within the access roads. Surface Owner agrees that the easement and right-of-way will be on the form attached to this SDA and labeled Attachment 2.

4. Pipeline Easement and Right-of-Way

Surface Owner agrees to negotiate in good faith with Kerr-McGee Gathering LLC, an affiliate of KMG, or another third party gatherer designated by KMG, the location of an easement and right-of-way on the Lands for the construction, use, maintenance, and replacement of pipelines for the transportation of hydrocarbons and water from the Lands and other lands, and associated electric power lines, data transmission lines and equipment, with additional compensation to Surface Owner to the extent such pipelines are located outside of the OGOA.. Surface Owner agrees that the pipeline easement and right-of-way will be on the form attached to this SDA and labeled Attachment 3.

5. Waivers

Surface Owner, for itself and its successors and assigns, hereby waives the right to, and covenants not to, protest or object to the use of the surface of the Lands by KMG as provided in this SDA. Furthermore, Surface Owner and its successors and assigns will provide KMG and its successors and assigns with all written waivers and other evidence of support KMG may reasonably require to obtain permits from the Colorado Oil and Gas Conservation Commission ("COGCC") or any local jurisdiction, so long as consistent with this SDA.

As provided in COGCC Rule 318A or any successor rule or amendment adopted by the COGCC, or in any rule or ordinance of a local jurisdiction, relating to the location of wells within the Greater Wattenberg Area (GWA), Surface Owner hereby consents to, and waives its right to protest or object to surface well locations that are outside of designated GWA windows and surface well locations that are more than fifty (50) feet from an existing well.

Surface Owner waives the reclamation timing requirement in COGCC Rule 1003.b. until KMG has completed all drilling and completion operations on the Lands. KMG agrees to provide culverts, pipes or other methods to insure that Surface Owner can irrigate the crop lands during the drilling and completion operations.

Surface Owner further understands and acknowledges that COGCC rules and regulations govern the distance between a wellhead and public roads, production facilities, buildings, building units and surface property lines, among other things. To the fullest extent possible, Surface Owner hereby waives all setback, consultation and notification requirements in COGCC Rules 305, 306, 603 and 604 and any successor rules or amendments, including Exception Zone setbacks and any other state or local setback requirements or other laws, requirements or regulations that would prohibit or interfere with the rights of KMG to explore for and produce oil and gas from the Lands and to locate wells and production facilities anywhere on the Lands, so long as such waiver is consistent with the SDA. Owner further agrees not to object to the location of wells and production facilities on the Lands on the basis of setback requirements in the noted COGCC rules and regulations and any state or local setback requirement, so long as such location is consistent with SDA.

Surface Owner acknowledges that KMG and its successors and assigns may cite the waivers in this SDA in order to obtain exceptions and variances from the COGCC or from any other state or local body having jurisdiction over oil and gas operations. Surface Owner agrees that this SDA satisfies any requirement for a consent to an exception or variance signed by the surface owner, Building Unit Owner (as that term is defined in the COGCC Rules and any successor rules or amendments), homeowner or the like and agrees that KMG and its successors and assigns may provide a copy of this SDA to the COGCC or to any other state or local body in satisfaction of such requirement.

Surface Owner agrees to execute and deliver to KMG and its successor and assigns all consents and waivers requested, including waivers required from Building Unit Owners, homeowners and the like.

6. Notice to Future Owners

Surface Owner shall provide notice to all buyers and assignees of an interest in the Lands (or any portion thereof), including all builders, property owners, property owners' associations, and special districts, (each, a "Future Owner") of the existence of this SDA, the grants and waivers contained herein and the fact that Surface Owner has agreed to the amount of compensation for surface damages, for the grant of additional rights and easements and for the agreements and waivers in this SDA. In addition, Surface Owner will notify Future Owners that, as successors in interest to Surface Owner, Future Owners will assume the obligations undertaken by Surface Owner pursuant to this SDA, including the obligation to execute and deliver waivers to KMG and its successors and assigns and to provide notice to subsequent Future Owners. It is expressly understood and agreed by Surface Owner and KMG that the waivers, notice requirements and the obligations assumed by Future Owners as set forth in this SDA are, and shall be construed to be, covenants that run with the Land. As a condition to any sale or assignment of the Lands (or any portion thereof) by Surface Owner and its successors and assigns, Surface Owner and its successors and assigns will require that the buyer or assignee agree to provide to KMG and its successors and assigns all waivers required in the preceding section of this SDA.

7. Indemnity.

KMG hereby agrees to release, discharge, indemnify and hold Surface Owner harmless from and against any and all third party claims, losses, liability, damages, and causes of action for personal injury or property damage arising out of KMG's Operations. Notwithstanding the foregoing, the Surface Owner agrees to release, discharge, indemnify and hold KMG harmless from and against any and all third party claims, losses, liability, damages and causes of action for personal injury or property damage arising out of the negligence of Surface Owner, or any invitee or guest of Owner that causes or contributes to such third party claims.

KMG shall protect, indemnify and hold harmless Surface Owner from any environmental claims relating to the Lands or oil and gas leasehold thereunder that arise out of KMG's ownership and operation of oil and gas wells and associated equipment, easements and rights-of-way on the Lands. Notwithstanding the foregoing, KMG shall have no obligation to Surface Owner for environmental claims relating to Surface Owner's, or Surface Owner's agent's, invitee's or tenant's use of the Lands or for any environmental claims arising prior to the date of this SDA.

8. Term.

This SDA shall be effective as of the Effective Date and shall remain in full force and effect until KMG has plugged and abandoned the Wells and conducted reclamation in accordance with applicable COGCC rules and regulations, except that any release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement. Notwithstanding the above, this SDA shall automatically terminate five (5) years from the Effective Date, if KMG has not commenced operations within the five (5) years.

9. Assignment

KMG may assign this SDA in whole or in part.

10. Binding Agreement

The terms of this SDA shall constitute covenants running with the land and shall be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.

11. Counterpart Signatures

This SDA may be executed in any number of counterparts, each of which shall be deemed an original instrument but all of which together shall constitute one and the same instrument.

12. Authority to Execute

Surface Owner represents and warrants that he/she/they have the authority to execute this SDA in the capacity stated below.

13. Severability

If a court of competent jurisdiction determines that any clause or provision of this SDA is void, illegal, unenforceable or unconscionable under any present or future law (or interpretation thereof), the remainder of this SDA shall remain in full force and effect, and the clauses or provisions that are determined to be void, illegal, unenforceable, or unconscionable shall be deemed severed from this SDA as if this SDA had been executed with the invalid provisions eliminated; provided, however, that notwithstanding the foregoing, if the removal of such provisions destroys the legitimate purposes of this SDA, then this SDA shall no longer be of any force or effect. The Parties shall negotiate in good faith for any required modifications to this SDA required as a result of this provision. In the event that any part of this SDA would otherwise be unenforceable or in conflict with applicable laws due to the term or period for which such part is in effect, the term or period for which such part of this SDA shall be in effect shall be limited to the longest period allowable which does not cause such part to be unenforceable or in conflict with applicable laws

14. Recording

KMG may record this SDA or a Memorandum of this SDA with the Clerk and Recorder of the County in which the Property is located.

The undersigned have executed this SDA on the date first above written.

**Cleland Dairy Farms LLC**

**Kerr-McGee Oil & Gas Onshore LP**

By: Gary Cleland  
Name: Gary Cleland - Cleland Dairy Farms LLC  
Title: Registered Agent/Manager

By: Christopher P. Martin  
Name: Christopher P. Martin  
Title: Agent & Attorney-in-Fact RES  
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**ACKNOWLEDGEMENTS**

STATE OF Colorado )  
 )ss  
COUNTY OF Weld )

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of May 2019, by Gary Cleland - Cleland Dairy Farms LLC

Witness my hand and official seal.

**ROBERT EVAN JOHNSON**  
NOTARY PUBLIC - STATE OF COLORADO  
Notary ID #20194002546  
My Commission Expires 1/22/2023

*Robert Evan Johnson*  
Notary Public

My commission expires 01/22/2023

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

This instrument was acknowledged before me this 8<sup>th</sup> day of May 2019, by Christopher P. Martin, as Agent & Attorney-in-Fact for Kerr-McGee Oil & Gas Onshore LP, on behalf of said limited partnership.

Witness my hand and official seal.

**ROBERT EVAN JOHNSON**  
NOTARY PUBLIC - STATE OF COLORADO  
Notary ID #20194002546  
My Commission Expires 1/22/2023

*Robert Evan Johnson*  
Notary Public

My commission expires 01/22/2023