

SURFACE DAMAGE AND RELEASE AGREEMENT

This Surface Damage and Release Agreement (this "Agreement") is made and entered into this 5th day of September 2018 by and between Bill J. Warner and Joan L. Warner, as Co-Trustees of the Bill J. and Joan L. Warner Revocable Trust, under Trust Agreement dated February 10, 1994 ("Owner") with an address at 250 E. Alameda Street, Apt. 517, Santa Fe, NM 87501-2177 and Crestone Peak Resources Holdings LLC ("Crestone") with an address at 1801 California Street Suite 2500, Denver, Colorado 80202.

Whereas, Crestone has the right to drill oil and gas wells (individually a "Well" and collectively, the "Wells") on the lands described below (the "Lands"):

Township 1 North, Range 65 West, of the 6th P.M.
Section 10: Part of the NW/4
containing 85 acres more or less.
Weld County, Colorado

Whereas, Owner is the surface owner of the Lands.

Whereas, Owner and Crestone wish to memorialize their agreement concerning the payment for damages to the surface of the Lands in connection with the access to the Lands for the drilling, construction, completion, recompletion, reworking, re-entry, production, maintenance and operation of the Wells and for all pipelines, tank batteries and other facilities or property of Crestone or its affiliates associated with the Wells and currently located or to be located on the Lands.

Therefore, for and in consideration of the covenants and agreements contained herein, and for [REDACTED] and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Crestone agree as follows:

1. Owner hereby grants Crestone ingress to and egress from, and all necessary rights to the use of the surface of the Lands, to develop minerals in the Lands and other lands pooled therewith, upon the wellsite (the "Wellsite"), the Access Roads (defined below), the Utility Easement (defined below), Gas Pipelines (as defined below) and the Temporary Completions Area (defined below) all as depicted on the attached **Exhibit A** detailed in this Agreement. Upon execution of this Agreement, Crestone will pay the Owners (a) the sum of [REDACTED] [REDACTED] ("Bonus Payment"). Prior to the commencement of drilling operations for each Well on the Wellsite, Crestone shall pay Owner the sum of [REDACTED] [REDACTED] per Well being drilled on the Land, with a maximum well count of thirteen (13) wells being authorized on the Wellsite ("Wellsite Payment"), Wellsite Payments to Owner shall total no less than [REDACTED] [REDACTED] regardless of the number of Wells drilled. If there are damages and/or losses to growing crops

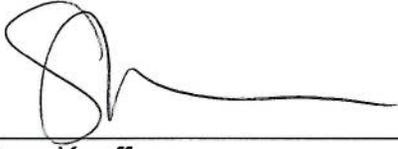
functionally duplicate such COGCC or local requirements, Crestone shall install a six foot (6') chain-link screened fence around the Wellheads and equipment at the new Facility Area. If Owner develops the Lands in the future, and Owner wishes to install a more aesthetic fence or screening at its own expense, Crestone will cooperate with Owner to permit such fencing or screening provided that it does not present a safety hazard or otherwise interfere with Crestone's operations.

10. Owner agrees to cooperate with any third party gatherer on the location of gathering lines and Owner's consent to placement of such lines shall not be unreasonably withheld, delayed, or conditioned, provided, however, that usual and customary compensation may be required by Owner for the granting of pipeline easements to third party gas gatherers outside the use areas depicted on **Exhibit A**.
11. If gas, water or oil pipelines at alternative locations (other than those depicted on **Exhibit A**) are necessary, Owner agrees to cooperate with Crestone on the location of future pipeline (including water and/or oil) rights of way and easements as reasonably required by Crestone, and Owner's consent to placement of such lines shall not be unreasonably withheld, delayed, or conditioned, taking into consideration the length of the pipeline on the Lands and Owner's uses and contemplated use of the Lands..
12. Under no circumstances shall Owner prohibit Crestone from flowing oil, condensate, hydrocarbons, natural gas, and/or water through its flowlines and pipelines at any time.
13. Crestone shall commence operations within two (2) years of the execution of this Agreement. If operations do not commence within that time-frame this Agreement shall automatically terminate.
14. Owner and Crestone (or its predecessor) previously entered a Surface Damage and Release Agreement ("SDA") executed July 24, 2014 and a Memorandum was recorded in the records of Weld County, Colorado under Reception Number 4046501. In conjunction with the signing of this Agreement that SDA shall be terminated and a payment of Fifty Thousand and no/Dollars (\$50,000") shall be made to the Owners as defined in that SDA.
15. Owner waives the minimum thirty days written notice requirement described in the Notice Letter provided by Crestone to Owner.
16. Per Weld County code section 23-2-1010 B.8. Owner waives any necessary notice as may be required by Weld County Code Section 23-2-1010 B. as it pertains to WOGLA 28 day notice to building unit owners within 1000' of a proposed oil and gas location.
17. Owner grants consent to locate the Wells greater than 50 feet from an existing well pursuant to COGCC Rule 318A.c. Owner grants consent to locate Wells outside of the GWA windows as defined in COGCC Rule 318A.a. Owner waives its right to

object to Crestone's locations on the basis of state or local setback requirements or other requirements or regulations that are or become inconsistent with this Agreement or that would prohibit or interfere with the rights of Crestone to conduct mineral operations upon the Lands.

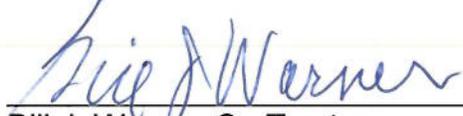
18. Owner agrees to provide such other written approvals, easements, agreements, and waivers which are reasonably requested by Crestone and consistent with this Agreement, including, but not limited to, all approvals and waivers to drill Wells or to conduct oil and gas operations on the Wellsite that are needed because of any law or regulation, including any ordinance of the applicable local government jurisdiction and regulations of the COGCC. Owner shall not oppose Crestone in any permitting or other regulatory proceeding relating to the exercise of its rights under this Agreement and to its rights to develop the minerals in the Lands and other lands pooled therewith. Crestone shall not oppose Owner in any permitting or other regulatory proceeding relating to the exercise of Owner's right to use and develop portions of the Lands which are not within the use areas depicted on **Exhibit A**, so long as such use does not unreasonably interfere with Crestone's rights under this Agreement and to its rights to develop the minerals in the Lands and other lands pooled therewith, in the manner set forth herein.
19. Notwithstanding the foregoing, Owner hereby agrees to waive any and all notices required by the COGCC relating to or arising out of an issuance of an Application for Permit to Drill (Form 2), Oil and Gas Location Assessment (Form 2A), or any notice and/or additional consultation required under COGCC Rules 305 or 306.
20. Neither Owner nor Crestone will be liable to the other for any damages for failure to perform its obligations under the Agreement due to fire, earthquake, flood, adverse weather conditions, war, sabotage, rebellion, insurrection, riot, acts of terrorism, strike or labor disputes and other like casualty or other causes beyond its reasonable control. Provided, however, that the foregoing shall not relieve Crestone of its obligations to make payments due hereunder, and if a party claims that any such event of force majeure prevents the performance of any of its obligations under this Agreement it shall provide the other party with written notice of such event within thirty (30) days of becoming aware of the commencement of such event, describing such event and providing an estimate of when such event began; such party shall continue to perform all obligations under this Agreement which are not prevented by such event; and to the extent reasonably possible, such party shall work promptly and with reasonable diligence to remove the event.
21. Any modification or relocation of the Wellsite, Access Roads, Utility Easement or Temporary Construction Area required by Owner shall not occur unless deemed operationally feasible in the sole discretion of Crestone and the costs and expenses thereof are paid in advance by Owner to Crestone and the work is done by Crestone and/or its contractors, subcontractors or agents.

CRESTONE PEAK RESOURCES HOLDINGS LLC

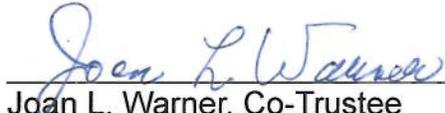


By: Shea Kauffman
Its: Director of Business Development & Land

Bill J. and Joan L. Warner Revocable Trust, under Trust Agreement dated February 10, 1994



Bill J. Warner, Co-Trustee

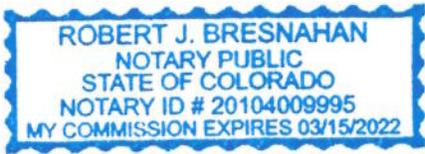


Joan L. Warner, Co-Trustee

ACKNOWLEDGMENTS

STATE OF COLORADO)
) ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 19th day of September, 2018, by Shea Kauffman, Director of Business Development & Land for Crestone Peak Resources Holdings LLC, a Delaware corporation.
Witness my hand and official seal.

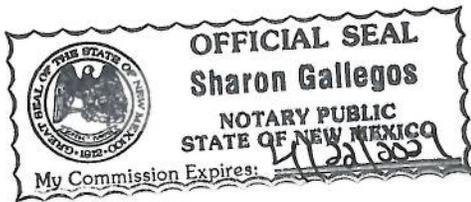


[Signature]
Notary Public
My Commission Expires: 3/15/2022

STATE OF New Mexico)
) ss.
COUNTY OF Santa Fe)

The foregoing instrument was acknowledged before me this 5 day of October, 2018, by Bill J. Warner as Co-Trustee of Bill J. and Joan L. Warner Revocable Trust, under Trust Agreement dated February 10, 1994.

Witness my hand and official seal.



[Signature]
Notary Public
My Commission Expires: 4/22/2021

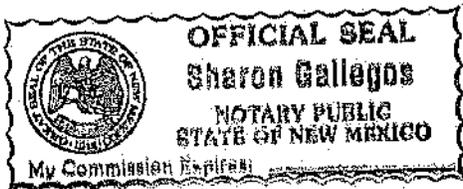
STATE OF New Mexico
COUNTY OF Santa Fe) ss.

The foregoing instrument was acknowledged before me this 5 day of October, 2018, by Joan L. Warner as Co-Trustee of Bill J. and Joan L. Warner Revocable Trust, under Trust Agreement dated February 10, 1994.

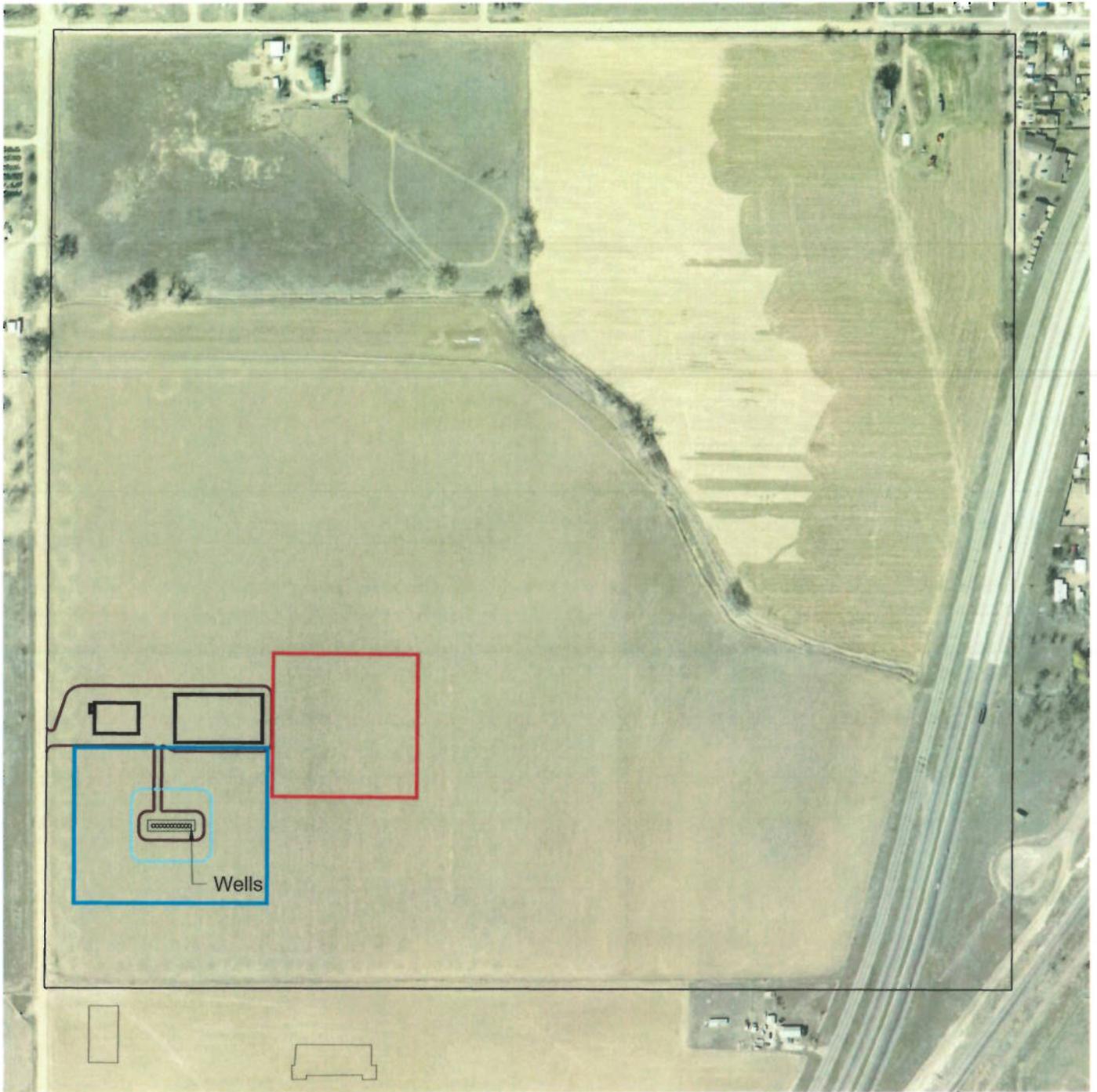
Witness my hand and official seal.



Notary Public
My Commission Expires: 11/22/2021



WARNER 10H-E165 PAD LAYOUT EXHIBIT



-  Access
-  Wellsite
-  Completion Area
-  Workover Area
-  Facilities Area



CRESTONE PEAK
RESOURCES

TOWNSHIP 1 NORTH, RANGE 65 WEST
SECTION 10: NW¼
WELD COUNTY, COLORADO

SCALE: 1" = 400' JULY 17, 2018