

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("**Agreement**") is entered into this 9th day of April, 2019 ("**Effective Date**"), by and between **Reeman Farms, LLC**, a Colorado limited liability company, whose principal office address is 35710 WCR 39, Eaton, CO 80615 ("**Grantor**"), and **Great Western Operating Company, LLC**, a Colorado limited liability company, whose principal office address is 1001 17th St., Suite 2000, Denver, CO 80202, and its affiliates, successors and assigns (collectively, "**Grantee**"). Grantor and Grantee may be referred to herein, individually, as a "**Party**" and, collectively, as the "**Parties.**"

A. Grantor represents that it is the owner of the surface estate of the following described lands located in Weld County, Colorado to wit:

Township 8 North, Range 66 West, 6th P.M.
Section 16: SW/4

Containing 160.00 acres, more or less

Said lands are hereinafter referred to as the "**Lands.**"

B. Grantee intends to drill, complete and operate oil and gas wells on the Lands, developing certain mineral and leasehold interests underlying the Lands and/or lands adjacent thereto or in the vicinity thereof. Grantee represents to Grantor that it has, or will have prior to drilling wells, the right to conduct operations on the Lands. This Agreement expressly provides for the drilling of wells that do not include the minerals underlying the Lands in a drilling or spacing unit.

C. This Agreement sets forth the Parties' rights and obligations regarding the relationship between the use and development of the Lands by Grantor and Grantee's operation and development of its oil and gas leasehold estate underlying the Lands and/or lands adjacent thereto or in the vicinity thereof, such rights and obligations to be binding upon the Parties' successors and assigns.

In consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

- 1. Surface Location** — Grantor hereby grants to Grantee a right-of-way and easement for a surface site on the Lands of approximately fifteen (15) acres of disturbed surface area, along with the right to construct a well(s) pad on such surface site and to drill one or more oil and/or gas wells (collectively, the "**Wells,**" whether one or more) therefrom, which will include the right to survey, construct, use, operate, maintain and repair a location for a well site, which may include all equipment necessary for constructing, drilling, completing, equipping, operating, repairing and plugging any such Wells (the "**Surface Location Easement**"). The Surface Location Easement, consisting of a Drilling Pad, Production Facility Pad and MLVT Pad as generally shown on **Exhibit "A,"** may also be used to install, place or store any valves, tanks, pipelines, meters, separators, dehydrators, compressors, electrical lines, phone lines, wires, cables, meter houses, meter runs and any and all other devices, equipment, and structures incident to, or necessary for, drilling, production, operation, plugging, injection, regulation, control, measurement, treatment, separation, processing, storing, transportation and distribution of oil, gas, petroleum products and any other liquids, gases or substances which can be transported through pipelines. Grantee shall have the right to occupy so much of the surface of the Lands as reasonably necessary to accommodate the Wells and related oil and gas operations, provided that any proposed permanent use of the surface outside of the Easement Areas (as defined in Section 5) shall be subject to Grantor's consent, which said consent shall not be unreasonably withheld.
- 2. Subsurface** — Grantor hereby grants to Grantee a right-of-way and easement as to all depths below the surface of the Lands and the right to use the subsurface, including pore space, for the purpose of drilling Wells for oil, gas and other substances from the Lands or other lands; for installing casing, tubing and other equipment therein; for reworking, recompleting, repairing, side-tracking, plugging and abandoning such Wells; for gathering information, exploring for and producing oil, gas and other substances from the Lands or other lands through such Wells; and for injecting substances into the Lands or other lands through such Wells.
- 3. Access** — Grantor hereby grants to Grantee a right-of-way and easement thirty feet (30') wide across that portion of the Lands labeled as the "**Proposed Access**" (the "**Access Road**"), as generally shown on **Exhibit "A,"** to survey, construct, use, operate, maintain and repair said road to allow Grantee access (ingress and egress) to the Lands, as permitted herein (the "**Access Easement**"). The Access Easement may be expanded from time to time during any period(s) of rig mobilization/demobilization, construction, maintenance or repair to a width of fifty feet (50') for so long as such use is reasonably necessary for the operations being conducted, and shall revert to the permanent width of thirty feet (30') set forth above upon completion thereof. The Access Road shall, at all times, be capable of providing Grantee's equipment and vehicles, including, but not limited to, oil and gas drilling, completion and workover rigs, full access to the Surface Location Easement and all production equipment associated therewith. Grantee, its employees, agents, contractors, licensees and invitees (collectively, "**Invitees**") shall have the right to use said Access Road for the transportation of persons, material, equipment, supplies, commodities, and any other items related to Grantee's oil and gas operations. Any road constructed or maintained under the terms hereof shall remain the sole property of Grantor, subject to the rights, privileges and benefits granted to Grantee herein. Grantee shall be responsible for the maintenance of any roads constructed and used by Grantee and for all acts and omissions of Invitees on or about the Access Road and or Access Easement.
- 4. Pipeline(s)** — Grantor hereby grants to Grantee a right-of-way and easement fifty feet (50') wide across that portion of the Lands labeled as the "**Proposed Pipeline Easement**" on **Exhibit "A"** to survey, lay, construct, install, operate, inspect, protect, alter, maintain, improve, repair, change the size of, relocate, add, replace, remove and abandon, one or more pipelines, and all valves, fittings, devices for controlling electrolysis or cleaning pipeline

interiors, and/or other necessary appurtenances above or below ground, for the purpose of transportation of on and off-unit oil, gas, petroleum products, fresh or salt water, and any other liquids, gases or substances which can be transported through pipelines (the "Pipeline Easement"). The Pipeline Easement may be expanded from time to time during any period(s) of construction, maintenance or repair, to a width of seventy-five feet (75') for so long as such use is reasonably necessary for the operations being conducted, and shall revert to the permanent width of fifty feet (50') set forth above upon completion thereof. Grantee shall promptly repair the Lands or compensate Grantor for damage associated with the construction of any pipeline. Grantee shall maintain the uppermost part of the underground portions of said pipelines at least forty-eight inches (48") below the surface of the ground, but this limitation shall not apply to any portion of the pipelines or other equipment installed above the surface. Upon completion of construction and installation of any pipeline, Grantee shall provide Grantor with a copy of an as-built surveyed plat depicting the actual location of said pipeline(s) and Pipeline Easement.

Further, Grantor acknowledges that future pipeline easements may be necessary for Grantee's operations, and Grantor agrees to provide Grantee with any such pipeline easement, provided that i) Grantee's pipeline easement request is reasonable, and ii) the requested pipeline easement is for operations directly related to Wells drilled from the Surface Location Easement. If Grantee's request(s) meets the foregoing criteria, then the Parties shall meet on-site to determine a mutually acceptable location and width of easement, and the Parties shall agree on a fair-market value price per linear foot for any proposed permanent pipeline easement. Once the Parties have agreed on the foregoing, they shall execute a mutually-acceptable form of Pipeline Right-of-Way Grant ("Grant") and Grantee shall file such Grant in the real property records of Weld County, Colorado and provide Grantor with a recorded copy as soon as practicable thereafter.

5. The Surface Location Easement, Access Easement and Pipeline Easement may be collectively referred to herein as the "Easement Areas." The approximate locations of the Easement Areas are shown on **Exhibit "A"** attached hereto and shall not be materially changed without the written approval of Grantor. Grantee shall replace the preliminary plat attached hereto as Exhibit "A" with a final or as-built surveyed plat depicting the actual boundaries of the Easement Areas and provide Grantor with a copy of the new plat as soon as practicable thereafter. Grantee may record a designation of easement location ("Designation") in the county in which the applicable Lands are situated, and any such Designation, and any exhibits thereto, shall supersede and replace that portion(s) of the Exhibit "A" attached hereto that has been re-surveyed and re-platted as provided for herein. Grantee shall forward a copy of any such Designation to Grantor as soon as practicable thereafter. In the event that any local, state or federal governmental authority with jurisdiction and authority over the matter, including, but not limited to, Weld County and the Colorado Oil and Gas Conservation Commission ("COGCC"), specifically requests, absent the instigation of Grantee, that any portion(s) of the Easement Areas be altered in order to obtain approval from any such governmental authority or it's discovered that it's necessary to move the Easement Areas to avoid wetland, archeological, biological or other topographical issues, Grantor agrees to provide Grantee with an alternative location for any such portion(s) requested to be altered or moved; such alternative locations shall be capable of providing Grantee with adequate room to conduct the operations contemplated hereunder, meaning a surface area(s) similar to the current Easement Areas described herein. In such case, and upon appropriate mutually agreeable terms, the Parties agree to execute an amendment to this Agreement in recordable form indicating the location of the newly formed Easement Areas.

6. Grantee shall have the right to construct, install, operate, maintain, repair, replace, add to and remove electric, communication and control lines on, above or below the Lands as may be ancillary to the rights conveyed herein or necessary to carry out Grantee's operations contemplated hereunder. Grantee shall consult with Grantor regarding the location of any of the foregoing utilities if they are proposed outside of the Easement Areas, and they shall work with each other to find a mutually agreeable location for such utilities. Grantee may not remove existing electric, communication, control lines or other utilities that service other users of such utilities without the consent of the parties that would be affected by any such removal. Upon permanent cessation of operations on the Lands, Grantee shall remove any utilities installed solely for Grantee's operations and restore the lands affected by such utilities as near as practicable to their original condition.

7. Without the prior, written consent of Grantee, Grantor shall not construct or permit construction within the boundaries of the Easement Areas, and Grantee shall have the right to prevent the construction within the boundaries of the Easement Areas and the right to remove therefrom, any and all types and sizes of houses, barns, buildings, structures, permanent impoundments of water, and natural or man-made obstructions, including, but not limited to, trees, brush, roots and other growth. Grantor shall not, intentionally or knowingly, permit third parties to change the grade of the land or excavate within the Easement Areas without the prior, written consent of Grantee, which consent shall not be unreasonably withheld; for the sake of clarity, Grantee shall be entitled to withhold such consent if the proposed change of grade or excavation presents an operational or safety issue for Grantee. Grantor shall allow for continuous use of, and access to, the Easement Areas at all times.

8. Except as otherwise set forth herein, the consideration paid pursuant to the Payment Agreement (as defined in Section 15, below) includes payment for all ordinary damages to the Lands caused or created by Grantee's reasonable and customary use of the Lands and Grantor hereby acknowledges receipt and sufficiency of said payment as full and complete settlement for all ordinary damage to the Lands arising out of the operations contemplated hereunder. Grantee shall also compensate Grantor for damage to personal property or to improvements on the Lands, such as damage to buildings, fences, gates, culverts and for other such losses or physical damages caused by Grantee that extend beyond the ordinary damages caused by Grantee's reasonable and customary use of the Lands as permitted herein.

9. Except with respect to the Surface Location Easement, and subject to Section 7 above, the rights-of-way and easements granted by this conveyance are non-exclusive, and Grantor reserves and retains the right to convey similar rights and easements to such other persons as Grantor may deem proper; provided, however, that all such conveyances shall be subject to Grantee's rights, and Grantee shall not be unreasonably disturbed in the use and enjoyment of the rights granted hereunder.

10. Grantee agrees to perform all reclamation in accordance with this Agreement, the rules and regulations of the COGCC, and all other applicable laws, rules and regulations. Grantee shall endeavor to keep the Easement Areas free of weeds and debris and to control erosion.

11. **Interest in Real Property.**

(a) The Parties intend that this Agreement creates a valid, present interest in the Lands in favor of Grantee. The covenants and rights contained in and granted by this Agreement are made for the direct benefit of the Lands and shall run with and against the Lands and inure to the benefit of and bind Grantor and Grantee and their respective agents, assigns, employees, heirs, lessees, mortgagees, permittees, successors, transferees, and all entities or persons claiming an interest by, through or under them, from the Effective Date of this Agreement, and for so long thereafter as some, or all, of the same shall be used for the purposes which are herein granted.

(b) Nothing in this Agreement shall be deemed to limit either Party's right to convey, sell or otherwise transfer all or any part of the Lands or interests therein, provided that any such transfer shall be subject to the terms and conditions of this Agreement.

(c) Either Party shall use commercially reasonable efforts to deliver to the other Party, within thirty (30) days after a conveyance, sale or other transfer of some, or all, of the Lands or interests therein, a copy of the recorded vesting document related to the transfer, delivered in accordance with the notice provisions in Section 18 of this Agreement.

12. **Term of Agreement.** This Agreement shall be effective as of the Effective Date and shall continue in force for so long as Grantee is producing oil or gas from the Wells, and thereafter until Grantee has plugged and abandoned all Wells and completely reclaimed and restored the Easement Areas.

13. **Waiver of COGCC Notices and other Regulatory Matters.** Grantor acknowledges and agrees that Grantee has consulted in good faith with Grantor as to its proposed operations in accordance with COGCC requirements, or hereby waives such requirements. Grantor expressly waives the application of any COGCC setbacks inconsistent with this Agreement.

(a) Grantor agrees not to object to the COGCC Form 2A (titled, Oil and Gas Location Assessment) and hereby waives any right granted by COGCC rule to comment on the Form 2A, to request an extension of the comment period, to request an onsite inspection pursuant to COGCC policy, or to appeal the approval and issuance of the Form 2A and any related Form 2 (titled, Application for Permit to Drill), so long as the Form 2A and any related Form 2 are consistent with this Agreement.

(b) Grantor shall not oppose Grantee in any COGCC or other governmental proceeding related to Grantee's operations, including, but not limited to, permitting, formation of drilling units, well spacing, well density, pooling, drilling, completion, stimulation, re-stimulation, workovers, deepening and recompleting, provided that Grantee's position in such proceedings is consistent with this Agreement.

(c) Grantor hereby waives its right to, and covenants that it shall not, protest or object to any exception location or application for the same by Grantee, provided that such exception location is otherwise consistent with this Agreement. The bottom-hole locations for each of the future Wells will be determined by Grantee in its ordinary course of economic, engineering and geologic evaluations of potential oil and gas well drill sites.

(d) Throughout the term of this Agreement, Grantee is hereby expressly granted consent to locate any number of wells within the Surface Location Easement, and for each well Grantee proposes within the Surface Location Easement, Grantor shall fully support Grantee's efforts to permit such Wells, including granting consent to locate any Well greater than fifty feet (50') from an existing well pursuant to COGCC Rule 318A.(c) and granting consent to locate any Well outside of the GWA windows as defined in COGCC Rule 318A.(a).

(e) Grantor hereby waives its right to object to the location of any of Grantee's facilities, as permitted herein, on the basis of setback requirements in the rules and regulations of the COGCC, as they may be amended from time to time; provided, that in no event shall such waiver be construed as permitting any operation or location of any structure, improvement or equipment by Grantee outside the Easement Areas, and no surface location of a Well outside the Surface Location Easement. Grantor agrees not to object to Grantee's use of the surface of the Lands, so long as such use is consistent with this Agreement. Grantor will provide Grantee or its successors and assigns with whatever written support they may reasonably require to obtain permits from the COGCC or any other state or local jurisdiction, provided that any such permits submitted are consistent with this Agreement.

(f) Grantor hereby waives the following notices and consultations:

(i) Rule 305.a.: Notice of Intent to Conduct Oil and Gas Operations;

(ii) Rule 305.c.(1): Oil and Gas Location Assessment Notice;

(iii) Rule 305.c.(2): Buffer Zone Notice;

(iv) Rule 305.f.: Statutory Notice to Surface Owners;

(v) Rule 306.a.: Surface Owner Consultation and Meeting Procedures;

Grantor understands that Grantee may provide a copy of this Agreement to the COGCC in order to obtain a waiver, exception location or variance from the COGCC rules or from a local jurisdiction.

14. GRANTEE SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS GRANTOR AGAINST ANY CLAIMS, DAMAGES, DEMANDS, LIABILITIES AND COSTS (INCLUDING REASONABLE ATTORNEYS' FEES) TO THE EXTENT ARISING FROM, OR RELATED TO, THE OPERATIONS OF GRANTEE OR ITS EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES IN THE COURSE OF THEIR EXERCISE OF RIGHTS GRANTED BY THIS AGREEMENT, BUT NOT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR INTENTIONAL MISCONDUCT OF GRANTOR, OR ITS EMPLOYEES, AGENTS, CONTRACTORS OR INVITEES.

15. This Agreement is subject to that certain Payment Agreement of even date herewith, by and between Grantor and Grantee (the "Payment Agreement"). Any default under the Payment Agreement shall be a default hereunder.

16. Grantee shall protect, indemnify and hold harmless Grantor from any Environmental Claims (as defined below) relating to the Lands or oil and gas leasehold interest thereunder that arise out of Grantee's ownership and operation of oil and gas wells and associated equipment, easements and rights-of-way on the Lands.

"Environmental Claims" shall mean all Claims (as defined below) asserted by governmental bodies or other third parties for pollution or environmental damage of any kind, arising from operations on, or ownership of, the Lands, or ownership of the oil and gas leasehold interest thereunder, whichever is applicable, and all cleanup and remediation costs, fines and penalties associated therewith, including, but not limited to, any Claims arising from Environmental Laws (as defined below) or relating to asbestos or to naturally occurring radioactive material. Environmental Claims shall not include the costs of any remediation undertaken voluntarily by any Party unless such remediation is performed under the imminent threat of a Claim by a governmental body or other third party.

"Claims" shall mean any demand, claim, loss, cost (including reasonable attorneys' fees), damage, expense, action, suit, proceeding, judgment or liability of any nature whatsoever, arising from operations on, or ownership of, the Lands, or ownership of the oil and gas leasehold interest thereunder, whichever is applicable.

"Environmental Laws" shall mean all federal, state and local laws, rules and regulations, agency policies and guidance documents relating to pollution or protection of the public health and the environment.

17. Notwithstanding any of the other provisions contained herein as to termination, this Agreement may be terminated by Grantee at any time by giving ninety (90) days' notice, in writing, to Grantor of such termination. In the event Grantor believes that Grantee is in default or breach of any material term of this Agreement, Grantor shall give written notice to Grantee of such alleged material default or breach and provide a written explanation detailing Grantor's belief. Grantee shall then have thirty (30) business days within which to remedy (or commence to remedy if remedy cannot be made within thirty (30) business days) any alleged material default or breach, or to assert a good-faith dispute as to the alleged material default or breach, and no termination of the Agreement shall be effected until such good-faith dispute is fully and finally resolved by written agreement of the Parties or by a final, binding arbitral ruling pursuant to Section 20, below. No waiver by either Party, or any breach of any of the covenants or conditions of this Agreement, shall be construed as a waiver of any succeeding breach of the same or any other covenant or condition.

18. Any notice provided or permitted to be given in this Agreement must be in writing and may be given by depositing the notice in the United States mail, postage prepaid, certified with return receipt requested, and addressed to the Party to be notified. Notice deposited in the mail in the foregoing manner shall be deemed received five (5) days after it is so deposited, excluding Saturdays, Sundays and postal holidays. Notice given in any other manner shall be effective only if and when actually received by the Party to be notified. For purposes of notice, the addresses of the Parties shall be as follows until changed as herein provided:

Grantor:

Reeman Farms, LLC
ATTN: James Reeman
35710 WCR 39
Eaton, CO 80615

Grantee:

Great Western Operating Company, LLC
ATTN: Surface Land Manager
1001 17th St., Suite 2000
Denver, CO 80202

Either Party may designate a different address for receipt of subsequent notices by notifying the other as provided in this paragraph.

19. Grantor agrees to include a note on any annexation, subdivision plat, planned unit development or other land use designation for which Grantor may apply, to put successors or assigns on notice that the Lands are subject to this Agreement. Grantee shall record this Agreement or a memorandum thereof, setting forth the identity of the Parties, the Effective Date and the lands covered by this Agreement, for the purpose of notice to third parties. Grantee shall provide Grantor with a recorded copy of such recordation as soon as practicable thereafter. In all other respects, however, the Parties shall hold the provisions of this Agreement in confidence.

20. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be resolved by arbitration conducted in Denver, Colorado, and shall be administered by the American Arbitration Association under its commercial rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

21. If any clause or provision of this Agreement is invalid or unenforceable at any time under the current laws, the remainder of this Agreement shall not be affected thereby, and this Agreement shall be modified so that in place of each such clause or provision of this Agreement there will be added, as a part of this Agreement, a legal, valid, and enforceable clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible.

22. This Agreement may be executed as one document, or in several partially executed counterparts, and the original and counterparts shall be construed together and shall constitute one instrument.

23. All exhibits attached hereto are incorporated herein by reference. This Agreement, and any other documents that may be incorporated by reference herein, contains the entire agreement between the Parties with respect to the subject matter hereof and thereof and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and thereof.

24. **Authority of Signatories.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

[The remainder of this page has been intentionally left blank. Signatures and acknowledgements follow.]

Exhibit "A"

Attached to and made a part of that certain Surface Use Agreement dated effective as of the 9th day of April, 2019, by and between Reeman Farms, LLC and Great Western Operating Company, LLC.

