



March 16, 2012

Thom Kerr-Director
Reference: Nelson Ranches 27-11-10-59
Rule 603a2

Dear Director Kerr,

Carrizo Oil & Gas, Inc. has submitted an ADP package for Nelson Ranches 27-11-10-59 located in Weld County, Colorado.

Rule 603a2 requires that the well location be 150 feet from a property line. However, the surface owner has waived the setback in an SUA covering both sides of the property line. Based on this SUA, Carrizo Oil & Gas, Inc. is requesting an exception to Rule 603a2.

Thank you in advance for you time and consideration in this matter.

Sincerely,

Tina Taylor
Regulatory Compliance Specialist
Carrizo Oil & Gas, Inc.
500 Dallas Street, Suite 2300
Houston, Texas 77002
713-358-6210

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") is entered into by and between Nelson Ranches, INC., ("Owner"), whose address is 58910 WCR 382, Grover, Colorado 80729 and Carrizo Niobrara LLC. (Company), whose address is 500 Dallas Street, Suite 2300, Houston, Texas 77002.

WHEREAS, Owner is the owner of the surface of certain lands located in Weld County, Colorado, being described as follows:

Township 10 North. Range 59 West. 6th P.M.

Section 22: S/2SW/4

Section 27: N/2NW/4

WHEREAS, Company owns the leasehold right to access the Property and use so much of the surface as is reasonably necessary to explore for and produce oil and gas therefrom; and,

WHEREAS, Company and Owner desire to enter into this Agreement as a supplement to, but not in derogation of, Company's current leasehold rights in said lands.

NOW THEREFORE; in consideration of Company's agreement to pay the sum of \$22,920.00, the sufficiency of which is hereby acknowledged, and the mutual promises and covenants contained herein:

Except for claims and damages resulting from Company's negligence, Owner hereby releases and discharges Company, its agents, employees, contractors and licensees from and against any and all claims by Owner for damages, of whatsoever nature and character, including, but not limited to, diminution in value of the Property, arising from, incident to, or in connection with Company's oil and gas operations on the Property, including, but not limited to: locating, drilling, stimulating, completing, restimulating, recompleting, deepening, producing, maintaining, plugging, and abandoning the oil and gas well shown below, whether as a dry hole or at the end of its productive life; installing and operating associated pipelines and production facilities; and, constructing, maintaining and reclaiming the well pad, production facilities, pipelines and roads (collectively the "Operations") (the well/wells and production facilities are hereinafter collectively referred to as the "Well")

Owner hereby grants, demises and conveys such easements and rights-of-way on and across the Property as may be necessary or convenient for the Operations. Company shall have the right to drill the well within the specified surface area described above, including directional wells that produce from and drain lands other than the Property, provided such lands are validly pooled with all or any portion of the lands included in Company's oil and gas lease covering the Property, and so long as such locations are permitted locations under the then applicable well spacing regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") or exceptions granted thereto by the Director of the COGCC.

7. Owner acknowledges and agrees that Company has consulted in good faith with Owner as to its proposed Operations, in accordance with COGCC requirements, or hereby waives such requirements. Owner expressly waives the application of any COGCC setbacks inconsistent with this Agreement, including, but not limited to, setbacks for high density areas and surface lot lines.

(a) Company has provided Owner with the COGCC Form 2A ("Oil and Gas Location Assessment") for the Well and said Form 2A accurately reflects the provisions of this Agreement.

(b) Owner agrees not to object to said Form 2A and hereby waives any right granted by COGCC rule to comment on said 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 ("Application for Permit to Drill").

(c) Owner shall not oppose Company in any agency or governmental proceedings, including but not limited to the COGCC, County, City or local government, or other governing body proceedings, related to Company's operations on the Property, including but not limited to drilling, workovers, well deepenings and recompletions, provided that Company's position in such proceedings is consistent with this Agreement.

8. Owner expressly acknowledges and agrees that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligation of Company to accommodate Owner's use of the surface of the Property, existing or future, and waives any statutory or common law claim to the contrary.

9. Owner hereby:

(a) AGREES [☒] to allow the Colorado Division of Wildlife to enter upon the Property for the purpose of inspecting wildlife habitat; and,

(b) CONSENTS [☒] to the inclusion of site-specific conditions of approval, stipulations, or restrictions related to wildlife habitat protection or mitigation in the COGCC permit(s) for the designated Well.

(c) CONSENTS [] to an archeological survey if necessary to obtain a permit to drill.

10. Owner agrees to include a note on any annexation, subdivision plat, planned unit development or other land use designation for which Owner may apply to put successors or assigns on notice that the Property is subject to this Agreement. Company may also record this Agreement or a Memorandum thereof. In all other respects, however, the parties shall hold the provisions of the Agreement in confidence.

11. In construing this Agreement, no consideration shall be given to the fact or presumption that one party has had a greater or lesser hand in drafting this Agreement than any other party.

12. This Agreement shall be subject to, and construed under, the laws of the State of Colorado, without regard to its conflict of law provisions, and jurisdiction and venue shall be solely in the courts of the State of Colorado, subject to the right of either party to remove a matter to federal court.

13. Each of the undersigned principals of the parties represents and warrants that such person has the requisite corporate or legal authority to bind the respective parties to this Agreement.

14. Concerning any matter relating to the Operations, Owner may contact:

Operator: Carrizo (Niobrara) LLC.
Person to Contact: Scott Hudson
Address: 500 Dallas Street, Suite 2300
Houston, Texas 77002
Phone Number: 713-328-1000
Fax: 713-328-1060
Email Address: scott.hudson@crzo.net

15. This Agreement shall extend to, bind and inure to the benefit of, Owner and Company, and their respective heirs, personal representatives, successors and assigns.

16. This Agreement shall become effective when it is fully executed and shall remain in full force and effect until Company's leasehold estate expires or is terminated, and Company has plugged and abandoned the Well and conducted reclamation in accordance with this Agreement and 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.

IN WITNESS WHEREOF, the parties have executed this Agreement this 29 day of February, 2012.

OWNER:

Nelson Ranches, INC.

Eugene Nelson President
Eugene Nelson - President

COMPANY:

CW CARRIZO (Niobrara) LLC.

Richard H. Smith
Richard H. Smith, Vice President of Land