

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement"), dated effective this 25 day of July, 2012, is made by and between the undersigned, **HFE, LLC**, whose address is 4591 Grove Street, Denver, CO 80211, herein called "Owner", and **Sundance Energy, Inc.**, whose address is 380 Interlocken Crescent, Ste. 601, Broomfield, CO 80021, herein called "Sundance";

WHEREAS, Owner represents that they are the surface owner and in possession of an interest in part or all of the surface estate for the following described lands in Weld County, Colorado, said land herein called "Lands", to wit;

Township 4 North, Range 68 West, 6th P.M.
Section 22: S/2SW/4, S/2SE/4

WHEREAS, Owner recognizes that Sundance has the right to conduct operations on the Lands pursuant to Oil & Gas Lease(s) covering the Lands and Owner and Sundance desire to minimize any surface damage to the Lands and to reach an agreement regarding such surface damage;

NOW, THEREFORE, in return for the consideration set forth below, the receipt and sufficiency of which is hereby acknowledged, Owner and Sundance agree as follows:

1. Payment to Owner. Prior to commencement of drilling operations on the Lands, Sundance shall pay Owner the following sum as full settlement and satisfaction of all damages growing out of, incident to, or in connection with the usual and customary exploration, drilling, completion, deepening, refracing, recompletion, reworking, equipping and production operations, unless otherwise specifically provided herein:

A. [REDACTED] for the proposed wellsite located on the Lands (and a like amount for any subsequent wellsites to be located on the Lands) in which Owner owns the entire surface estate, together with any lands used for road purposes, production facilities, pipelines, flowlines or other necessary facilities in connection with the wellsite.

B. If, by reasons directly resulting from the operations of Sundance, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, including, but not limited to, damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be repaired or replaced by Sundance, or Sundance will pay reasonable compensation to Owner for such additional actual damage or an amount equal to the reasonable costs to repair such actual damages.

C. Owner agrees to notify any surface tenant that may be affected by Sundance's operations on the Lands and Owner may allocate the payments made

hereunder with such surface tenant as they shall mutually determine between themselves and Sundance shall have no liability therefor.

2. Consultation. If requested by Owner, prior to heavy equipment operations on each wellsite, Sundance's representative will meet and consult with Owner (or Owner's representative) as to the location of the wellsite, access road, flowlines, tank batteries and other associated production facilities.

3. Sundance Obligations. In conducting operations on the Lands, Sundance shall:

A. Locate the wellsite, access road, flowlines, tank batteries and other associated production facilities as depicted on Exhibit A attached hereto and by this reference made a part of this Agreement.

B. Limit the size of each wellsite to approximately 350 feet by 350 feet during any drilling, completion, recompletion or workover operations and shall be no more than 1/4 acre in size during other periods. The area required for any tank battery location associated with each well shall be limited to approximately one-half acre in size upon completion of construction. Access roads shall be limited to approximately 30 feet in width during drilling, completion, deepening, refracing, recompletion, reworking, equipping and production operations. The permanent access roads to the wellhead and tank battery location shall be limited to 15 feet in width.

C. Separate the topsoil at the time of excavation of pits so that the topsoil and subsurface soil can be placed back in proper order as nearly as possible.

D. Reclaim the wellsite as nearly as practicable to its original condition and if the location is in pasture, reseed the location with native grasses. Weather permitting, reclamation operations shall be completed within three months following drilling and subsequent related operations, unless Sundance and Owner mutually agree to postponement because of crop or other considerations.

E. Use reasonable efforts to keep the well, Lands, and production facilities free of weeds and debris.

4. Waiver of Thirty-Day Notice. Owner hereby waives the minimum thirty-day written notice requirement described in the Notice Letter provided by Sundance to Owner when it initially gave notice of its intent to drill on the Lands.

5. Successors and Assigns. When Sundance is used in this Agreement, it shall also mean the successors and assigns of Sundance, as well as its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of Owner and Sundance and may be executed in counterparts.

6. Confidentiality. Owner agrees to keep the amount of consideration paid hereunder by Sundance confidential and shall not disclose such information without the advance written consent from Sundance. Sundance may record a memorandum evidencing the existence of this Agreement.

7. Governing Law/Venue. This Agreement shall be interpreted according to the laws of the State of Colorado. Venue for any dispute shall be Denver County, Colorado.

8. Written Modifications/Notices. This Agreement may only be amended in writing signed by both parties. All notices to either party shall be in writing addressed to the parties at the address first set forth above.

AGREED TO AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE.

HFE, LLC

By:  _____

SUNDANCE ENERGY, INC.

By:  _____ 

S2SE-SEC 22-4N-68W

