

## SURFACE DAMAGE AGREEMENT BETWEEN

OCT 18 2012

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Bonanza Creek Energy Operating Company, LLC  
410 17<sup>th</sup> Street, Suite 1400  
Denver, CO 80202  
Phone: 720-440-6100

and

John Synar & Barbara J. Synar  
Rt. 1, Box 16230  
Warner, OK 74469  
Phone: 918-463-2220

THIS SURFACE DAMAGE AGREEMENT is made by and between John Synar and Barbara J. Synar, husband and wife, whose address is Rt. 1, Box 16230, Warner, OK 74469, herein called the "Surface Owner", and Bonanza Creek Energy Operating Company, LLC, whose address is 410 17<sup>th</sup> St., Suite 1400, Denver, Colorado 80202, herein called "BCEOC".

BCEOC proposes to conduct drilling operations to drill oil and gas wells (the "Wells") in Section 3 (E/2), Township 5 North, Range 61 West, 6<sup>th</sup> P.M., Weld County, Colorado, herein called the "Lands", and, thereafter, BCEOC proposes to conduct production operations on the Lands. Surface Owner represents that it owns and is in possession of the entire surface estate in the Lands upon which the Wells and associated equipment will be located and upon which production operations will be conducted. By this instrument, BCEOC and Surface Owner set forth their agreement concerning the surface damages resulting from the drilling of the Wells and subsequent production operations.

NOW, THEREFORE, for and in consideration of the covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surface Owner and BCEOC incorporate by reference the above Recitals and agree as follows:

1. Normal Damages. Prior to commencement of drilling operations, BCEOC shall pay Surface Owner the sum stated in paragraph thirteen (13) as full settlement and satisfaction of all damages resulting from, incident to, or in connection with the usual and customary exploration, drilling, completion, reworking, equipping and maintenance of the Wells and all subsequent production operations of the Wells. Activities shall include, but shall not be limited to:

- A. construction of access roads, preparation and use of the Well Pad preparation and use of reserve and water pits, and construction, installation and maintenance of production equipment and facilities such as flowlines, gas pipelines, separators, treaters, tank batteries, and any other equipment or facilities necessary or convenient for the production, transportation and sale of oil and/or gas from each of the Wells; and,
- B. all damages caused to Surface Owner's Land resulting from the installation and connection of buried gas pipelines from the Wells' equipment and/or facilities to the gas purchaser's pipeline.
- C. BCEOC agrees to conduct all operations (excluding access road and pipelines) within the Well Pad

2. Abnormal Damages. If, by reasons directly resulting from the activities and/or operations of BCEOC, there is damage to real or personal property upon the Lands which is not associated with usual, convenient and customary operations, such as, but not limited to, damage to livestock, structures, fences, culverts, cement ditches, and irrigation systems, BCEOC shall promptly

repair such damage or pay reasonable compensation to Surface Owner.

4. Notice of Heavy Equipment Operations. If requested by Surface Owner, prior to heavy equipment operations on the Lands, BCEOC's representative will meet and consult with Surface Owner, or Surface Owner's representative, as to the location of each wellsite access roads, flowlines, tank batteries, gas sales lines and other associated production facilities.

5. Waiver of Thirty Day Notices. Surface Owner hereby waives the notices required by Colorado Oil and Gas Conservation Commission ("COGCC") Rule 305, as amended, and agrees to execute a separate waiver for filing with the COGCC if requested by BCEOC. Surface Owner also hereby waives the surface owner consultations provided by COGCC Rule 306.a. Surface Owner agrees to promptly execute separate waivers and confirmations for filing with the COGCC, if requested by BCEOC.

6. Notice to Tenant(s). With respect to notices required to be given under COGCCs Rule 305, it shall be the responsibility of the notified Surface Owner to give notice of the proposed operation to the tenant farmer, lessee or other party that may own or have an interest in any crops or surface improvements that could be affected by such proposed operations. As a courtesy to Surface Owner and Tenant(s), BCEOC will attempt to notify said third party prior to commencement of any operation, but, shall be under no obligation to do so.

7. Topsoil Reclamation. All topsoil removed during drill site preparation and reserve and water pits construction (but not including buried flowlines and gas pipeline installations, which will be accomplished by trenching) shall be segregated and kept separate from subsoil. Prior to replacing topsoil, bentonite drilling mud and fluids remaining in pits as a result of the drilling operations may be mixed in with subsoils when pits are restored and/or may be spread on the surface. After subsoils have been replaced, topsoil shall be restored to its original location and condition as near as possible in the course of restoration activities.

8. Site Restoration. Upon completion of any activity by BCEOC, the premises shall be restored to its original condition as near as reasonably practical. All materials and equipment associated with the activity, such as concrete, plastic, pipe, cable and similar waste materials and refuse, shall be removed. Weather permitting, reclamation and restoration operations shall be completed as soon as is feasible following drilling and subsequent related operations, unless BCEOC and Surface Owner mutually agree to postponement because of crop or other considerations.

9. Successors, Assigns, and Agents. This Surface Damage Agreement shall be binding upon and inure to the benefit of the parties hereto, their agents, successors and assigns, and may be executed in counter parts and/or on different dates.

10. Colorado Oil and Gas Conservation Commission. BCEOC agrees to comply with all COGCC rules and regulations regarding the activities proposed herein.

11. Default and Right to Cure. In the event of alleged default by BCEOC in the payment of any of the sums hereinabove provided to be made, in obligations to be performed, or any other terms, conditions or covenants of this Agreement, Surface Owner will notify BCEOC, by certified mail, return receipt requested, of the alleged default. BCEOC will have 30 business days from receipt of the written notification in which to dispute or otherwise respond to the notification before Surface Owner may allege default.

Except as otherwise agreed in writing, no waiver by Surface Owner of any breach by BCEOC of any of its obligations, agreements, or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by Surface Owner to seek a remedy for any breach by BCEOC be deemed to be a waiver by Surface Owner of its rights or remedies with respect to such breach; however, in no event will BCEOC be liable for additional payment for reasonably anticipated damages to the Lands caused by BCEOC's oil and gas operations, and in no event will BCEOC be liable for consequential damages.

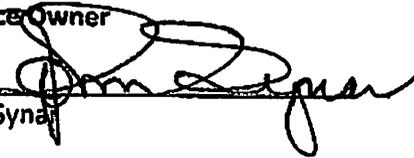
12. Termination of Past Agreements. Any and all Surface Damage Agreements between the parties mentioned above, or their predecessor's shall be null and void in lieu of this new Surface Damage Agreement.

13. Payments. BCEOC agrees to pay Surface Owner, prior to drilling operations, the sum of \_\_\_\_\_ to be paid for the first Well on a new Well Pad (not to exceed 500' by 500' in size, exclusive of access road and pipelines). BCEOC agrees to pay Surface Owner \_\_\_\_\_ for each additional well on the Well Pad.

IN WITNESS WHEREOF, this instrument is executed as of the dates written below, but shall be effective as of October 1, 2012

Surface Owner

By  
John Synar



By  
Barbara J. Synar

RETURN RECEIPT

**BONANZA CREEK ENERGY, INC.**

\_\_\_\_\_  
Mike McPhetridge, Vice President Land

Date: \_\_\_\_\_

ACKNOWLEDGEMENTS

STATE OF Oklahoma )  
 ) ss  
COUNTY OF Muskogee )

The foregoing instrument was acknowledged before me this 15<sup>th</sup> day of October, 2012, by  
John Sygar and Barbara J Sygar.

WITNESS my hand and official seal.

My commission expires: 4-7-2013

Jeanetta Buse  
 ) Notary Public



STATE OF \_\_\_\_\_ )  
 ) ss  
COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2012, before me, personally appeared Mike McPhetridge, Vice President Land of Bonanza Creek Energy Operating Company, LLC, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

My Commission Expires:

\_\_\_\_\_  
Notary Public