

SURFACE USE AGREEMENT

This Surface Use Agreement is made and entered into between **Westwind Farm, LLC**, 6228 North County Road 13, Loveland, CO 80538 ("Owner") and **Extraction Oil and Gas, LLC**, 1888 Sherman Street, Suite 200, Denver, CO 80203 ("Operator").

RECITALS

WHEREAS Owner owns the surface estate of the South 1/2 of the Southwest 1/4 Section 7, Township 6 North, Range 67 West of the 6th P.M (the "Lands"); and

WHEREAS Owner owns a mineral interest in the South 1/2 of the Southwest 1/4 Section 7, Township 6 North, Range 67 West of the 6th P.M, and leased said interest to Energy Exploration Partners, LLC on June 1, 2011 (the "Lease"); and

WHEREAS Operator is successor in interest to the Lease and desires to install, drill, complete, and produce up to 13 horizontal wells, including up to 5 off-lease wells, and construct, own, operate, maintain, repair, and replace wellheads, tank batteries and all associated production equipment, flowlines, pipelines, gathering lines, access roads and all related equipment that may be necessary or convenient to its operations on the Lands ("Facilities"); and

WHEREAS Owner entered into a Surface Use Agreement with Energy and Exploration Partners, LLC pertaining to the Property (the "Existing Agreement"), and Operator and Owner are bound by the Existing Agreement; and

WHEREAS As a result of the proposed exploration and development of the Property, Owner and Operator wish to replace the Existing Agreement with a new Surface Use Agreement.

NOW, THEREFORE, in consideration of the mutual promises and other valuable consideration set forth herein, Owner and Operator agree to supersede and replace the Existing Agreement, as follows:

1. **Recitals Incorporated.** All recitals are incorporated herein.
2. **Acknowledgement of Right-of-Way and Easement.** Owner acknowledges and understands that Operator, as lessee of the oil and gas estate for the Lands, has an easement and right-of-way that burdens the Lands. Operator, its successors and assigns, and each of their agents, employees, contractors and subcontractors, may exercise the right, privilege and easement for the purpose of locating and surveying the Facilities, and for constructing, entrenching, operating, maintaining, repairing, altering, replacing and removing the Facilities and all necessary appurtenant facilities, for the purposes specified in this Agreement, and including the rights of ingress to and egress from the Facilities across the Lands, provided, however, that such access and use of the Lands shall be limited to and by the locations, terms and conditions expressly set forth in this Agreement.

3. Grant of Additional Rights. Subject to the terms of this agreement, Owner grants Operator the right to drill oil and gas wells on the Lands that may be horizontal, vertical, or directional that produce and drain oil, gas and associated hydrocarbons from lands other than the Lands and to locate, construct, use, and maintain surface equipment, including but not limited to flowlines, compressors, wellheads, and all associated production equipment and Facilities, related to transportation of oil, natural gas or associated hydrocarbons from lands other than lands covered by leases pooled with the Lands.

Owner further grants Operator a subsurface easement through the Lands for the purpose of drilling oil and gas wells that may be horizontal, vertical, or directional that produce and drain oil, gas, and associated hydrocarbons from lands other than the lands covered by the oil and gas lease.

4. Notification and Consultation. Operator shall notify Owner prior to entry upon Owner's Lands and shall consult with Owner as to the location of each well, road, pipeline, power line, pod or battery site, gathering system and other facility to be placed on Owner's Lands. To the maximum extent possible, Operator will use existing roads on Owner's Lands for its operations, and if construction of a new road is required, Operator will consult with Owner, and following such consultation locate the new road in a manner so as to cause the least interference with Owner's operations on the affected Lands. If a pipeline or gathering system is to be installed by Operator, Operator will locate the pipeline and gathering system in a manner so as to cause the least interference with Owner's operations on the affected Lands. Operator shall notify Owner when each drilling and production operation for any well drilled on the above-described Lands has been completed and when Operator is permanently or temporarily absent from the surface.

5. Termination of Rights. The rights granted by Owner to Operator shall terminate when the Oil and Gas Lease terminates or upon Operator's notification to Owner of Operator's intention to cease operations permanently upon the Lands. Upon termination of this Agreement, Operator will execute and deliver to Owner a good and sufficient recordable release and surrender of all of Operator's rights under this Agreement, and will promptly remove all equipment and property used or placed by Operator on Owner's Lands unless otherwise agreed by Owner in writing.

6. Nonexclusive Rights. The rights granted by Owner to Operator are nonexclusive, and Owner reserves the right to use all access roads and all surface and subsurface uses of the Lands affected by this Agreement and the right to grant successive easements thereon or across on such terms and conditions as Owner deems necessary or advisable so long as such easements do not interfere with Operator's operations areas as depicted on Exhibit A.

7. Payments. As compensation for surface damages, Operator will pay to Owner the following:

- a. **Initial Payment.** Operator has paid Owner [REDACTED] upon the execution of this Agreement, and this amount shall be deducted from the remaining

damage payment due to Owner prior to Operator entering upon the premises to drill

- b. **On-Lease Wells.** Operator shall pay Owner [REDACTED] as damages for the 8 on-lease wells at the rate of [REDACTED] per well drilled to be installed in the location depicted on **Exhibit A**, attached hereto. This amount shall be paid by Operator to Owner before entering upon the premises to drill.
- c. **Off-Lease Wells.** Operator shall pay owner [REDACTED] as damages for the 5 off-lease wells at the rate of [REDACTED] per well drilled to be installed in the location depicted on **Exhibit A**, attached hereto. This amount shall be paid by Operator to Owner before entering upon the premises to drill.
- d. **Roads.** No additional damages payment shall be due for the construction of roads within the area described in Exhibit A, attached hereto. Operator shall provide Owner with a plat showing the location and length of all roads promptly after their first use, construction or improvement.
- e. **Pipelines.**
 - i) No additional payment shall be due for the installation of pipelines within the area described in Exhibit A, attached hereto. The pipelines referred to in this paragraph are only those gathering system pipelines used in connection with wells drilled on Owner's land or as allowed pursuant to Paragraph 8 below. Surface damages for high pressure (greater than 970 psi) gas transmission pipelines serving lands other than those owned by Owner shall be by separate agreement.
 - ii) Operator shall be responsible for backfilling, repacking, reseeding and re-contouring the surface so as not to interfere with Owner's operations. Operator shall provide Owner with a plat showing the length and location of all pipelines and gathering systems promptly after their installation. All pipelines and gathering systems located by Operator on the premises shall be buried to the depth of at least three (3) feet below the surface. Owner reserves the right to occupy, use and cultivate the lands affected by such pipelines, and to grant such rights to others, so long as such use does not interfere with Operator's operations. If Operator fails to use any pipeline for a period in excess of 24 consecutive months, the pipeline shall be deemed abandoned and Operator shall promptly take all actions necessary or desirable to clean up, mitigate the effects of use, and render the pipeline environmentally safe and fit for abandonment in place. All such clean up and mitigation shall be performed in compliance with all federal, state and local laws and regulations.

f. Power Lines.

- i) No additional payment shall be due for the installation of power lines within the area described in Exhibit A, attached hereto. Operator will consult with Owner and with the independent power company supplying power to Operator with respect to the location of overhead power lines prior to construction. Overhead power lines will be constructed so as to cause the least possible interference with Owner's visual landscape and Owner's existing and future ranching operations, and, to the maximum extent possible, overhead power lines will be constructed along fence lines or property lines. Construction shall not begin unless Owner has consented to the location of such power lines.
- ii) All power lines constructed by Operator downstream of the independent power company's meters shall be buried and all power line trenches shall be fully reclaimed and reseeded to the satisfaction of Owner.

- g. Damages Payments- Adjustments.** The damages payment amounts identified herein shall be effective for wells drilled within a period of 10 years following the execution of this Agreement. For wells proposed to be installed at any date after the expiration of the initial ten year period following the execution of the Agreement, the parties shall negotiate in good faith to established modified damage payment amounts per well. No additional wells shall be installed unless the modified amount is agreed upon between the parties in writing.

7. Limitation on Rights. Owner's surface Lands may not be used in connection with operations on other surface lands owned by Owner which is not described herein or on other premises not owned or leased by Owner without Owner's written consent.

8. Locations. All Facilities shall be limited to the area identified on Exhibit A, attached hereto. No housing or dwelling unit shall be constructed or placed on Owner's land by Operator. Any third party gas connect line shall be subject to separate agreement.

9. Operations. Operator shall at all times keep the well sites and the road rights-of-way safe and in good order, free of noxious weeds, litter and debris, and shall spray for noxious weeds upon reasonable demand therefor by Owner. All cattleguards and fences installed by Operator shall be kept clean and in good repair. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on Owner's Lands. Operator shall remove only the minimum amount of vegetation necessary for the construction of roads and facilities. Topsoil shall be conserved during excavation and reused as cover on disturbed areas to facilitate regrowth of vegetation. All culverts shall be at least 18 inches in diameter. All surface facilities not subject to safety requirements shall be painted to blend with the natural color of the landscape.

10. Consolidation of Facilities. Whenever possible, Operator will consolidate its facilities for as many wells as practical. Incoming power will be located at centralized points to minimize to the maximum extent possible the construction of above ground power lines. Battery sites will serve as many wells as possible. The consolidated facilities may not be used for operations connected with surface lands not owned by Owner or with surface lands owned or leased by Owner which are not described herein.

11. Dry Hole. If Operator does not discover oil and gas in paying quantities at a well site and determines the well to be a "dry hole" or upon cessation of production, Operator shall fill and level the location, recontour the location, distribute the top soil, make the location ready for reseeding and reseed the area, and plug and abandon the well as required by applicable law and regulations. All cleanup and restoration requirements shall be completed, if weather permits, by Operator within six (6) months after termination of drilling or production activities at the well site.

12. New Roads. Any new roads constructed by or for Operator shall be limited to twenty (20) feet in width for the actually traveled roadbed, together with a reasonable width, not to exceed fifteen (15) feet from the edge of the actually traveled roadbed for fills, shoulders and crosses. No permanent roads will be constructed unless absolutely necessary and Owner consents to the construction and location of the road. Operator shall annually maintain existing and newly constructed roads used by Operator to the satisfaction of Owner, which maintenance may include shaling, ditching, graveling, blading, installing and cleaning culverts, and spraying for noxious weeds.

13. Fences. Operator shall construct stock-tight fences around any dangerous area, including any pits where Operator drills wells. Operator shall rehabilitate and restore all disturbed areas caused by Operator's operations within six (6) months after termination of drilling or production activities at the well site and right-of-way, unless inclement weather prevents such rehabilitation and restoration within that time period.

14. Cattleguards. Operator shall construct cattleguards with wings at all fence crossings designated by Owner. Installation of the cattleguards shall be at the sole cost and expense of Operator. Cattleguards shall not be less than 16 feet wide by 8 feet across and shall be set on concrete sills not less than 24 inches high by 16 inches wide. Fence braces shall be installed on each side of the cattleguards. Fence braces shall be constructed of like quality material and installed in like style and form as the fence braces currently constructed on Owner's lands. Cattleguards shall be constructed approximately 6 inches above the existing grade of the road so that water does not run into the cattleguard. Operator shall be responsible for maintenance of all cattleguards used by Operator, together with wings and attached braces. All cattleguards currently in existence on roads used by Operator which are not aligned with existing fence lines shall be reconstructed by Operator so as to be in line with the fence.

15. Improvements. No fences, cattleguards or other improvements on Owner's property shall be cut or damaged by Operator without the prior written consent of Owner and the payment of additional damages or the institution of other safeguards to protect the rights and

property of the Owner. Upon final termination of Operator's rights under this Agreement, Operator shall return all roads and other rights-of-way or sites as near as practical to the condition which they were in prior to the execution of this Agreement, unless otherwise agreed by Owner. Unless otherwise agreed by Owner, all disturbed areas caused by Operator's activities will be reseeded. Cattleguards shall be removed and fences restored as near as practical to the original condition unless otherwise agreed by Owner, in which case all cattleguards installed by Operator shall become the property of Owner. All cattleguards and fences installed by Operator shall be kept clean and in good repair.

16. Fencing of Access Roads. Operator will not fence any access roads without the prior consent of Owner.

17. Payments. The payments herein provided are acknowledged by Owner as sufficient and in full satisfaction for damages to Owner caused or created by the reasonable and customary entry, rights-of-way and operation and use of the roads and well sites, but do not include damage to livestock, buildings or improvements, or injuries to persons or to any damage or destruction caused to Owner's wells or water supply on the property. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Damage to livestock and damage to crops shall be paid for by Operator at current market value. Any fires caused by Operator's personnel, agents, or assigns shall be paid for by paying the cost of replacement pasture, the costs of trailing or trucking cattle to replacement pasture plus replacement and/or repair costs for all personal property destroyed or damaged. The cost of replacement pasture will be determined by the amount generally accepted in the area for like kind pasture.

18. Restoration. Unless Owner otherwise agrees in writing, upon termination of any of Operator's operations on Owner's Lands, Operator shall fully restore and level the surface of the land affected by such terminated operations as near as possible to the contours which existed prior to such operations. Operator shall use water bars and such other measures as appropriate to prevent erosion and non-source pollution. Operator shall fully restore all private roads and drainage and irrigation ditches disturbed by Operator's operations as near as possible to the condition which existed prior to such operations. All surface restoration shall be accomplished to the satisfaction of Owner.

19. Reseeding. All reseeded shall be done with suitable grasses selected by Owner and during a planting period selected by Owner. Reseeding shall be done at the rate of twelve (12) pounds of seed per acre for range land, and an amount to be determined by Owner for irrigated ground. In the absence of direction from Owner, no reseeded (except for borrow pits) will be required on any existing access roads. It shall be the duty of Operator to insure that a growing ground cover is established upon the disturbed soils and Operator shall reseed as necessary to accomplish that duty. It shall further be the duty of Operator to inspect and control all noxious weeds as may become established within areas used or disturbed by Operator. Operator shall inspect disturbed areas at such times as Owner shall reasonably request in order to determine the growth of ground cover and/or noxious weeds, and Operator shall reseed ground cover and control noxious weeds from time to time to the extent necessary to accomplish its

obligations hereunder. Operator recognizes that this shall be a continuing obligation and Operator shall reseed ground cover and/or control noxious weeds until areas disturbed by Operator are returned to as good condition as existed prior to construction.

20. No Warranty. Owner makes no warranty of title or otherwise in entering into this Agreement.

21. Nondisturbance. Operator and its employees and authorized agents shall not disturb, use or travel upon any of the land of Owner not subject to this Agreement.

22. Firearms and Explosives. None of Operator's employees or authorized agents or any other person under the direction or control of Operator shall be permitted to carry firearms or any weapon while crossing Owner's property, and such persons shall not hunt or fish on Owner's property and shall not trespass on Owner's property for the purposes of hunting or fishing or recreational uses. No dogs will be permitted on Owner's property at any time. No explosives shall be used on Owner's property. Operator will notify all of its contractors, agents and employees that no dogs, firearms, weapons, hunting, fishing or recreational activities will be allowed on Owner's property.

23. Attorneys Fees. In the event of any dispute regarding this Agreement, the substantially prevailing party shall be entitled to an award of attorneys fees.

24. Time. Time is of the essence in this Agreement.

25. Indemnification. To the maximum extent permitted by law, Operator will indemnify, defend and hold Owner, and if applicable, Owner's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to Operator's activities on Owner's property (including, without limitation, any claims that Operator's operations hereunder are either illegal, unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operations of adjacent landowners).

To the maximum extent permitted by law, Owner will indemnify, defend and hold Operator, and if applicable, Operator's officers, directors, employees, agents, successors and assigns harmless from any and all claims, liabilities, demands, suits, losses, damages and costs (including, without limitation, any attorney fees) which may arise out of or be related to Owner's activities on Owner's Lands (including, without limitation, any claims that Owner's operations hereunder are either illegal, unauthorized, or constitute an improper interference with any parties' rights, or have damaged the lands or operations of adjacent landowners).

26. Compliance with Law. Operator and Owner shall conduct operations and activities in accordance with existing local, state and federal laws, rules and regulations.

27. Notice. Notice may be given to either party to this Agreement by depositing the same in the United States mail postage prepaid, duly addressed to the other party at the address

set out below the party's signature on this Agreement. Such notice shall be deemed delivered when deposited in the United States mail.

28. Designated Contact Person. Operator and Owner will each from time to time designate an individual, with appropriate twenty-four hour telephone and fax numbers, who is to be the primary contact person for discussions and decisions concerning matters related to this Agreement.

29. Recording. This Agreement may not be recorded without the written consent of Owner or Operator, but Operator or Owner may record a Memorandum of Agreement in Weld County, Colorado

30. Construction of Agreement. This Agreement shall be construed under the laws of the State of Colorado.

31. Previous Agreement Superseded. This Agreement entirely supersedes and replaces the Existing Agreement, which shall be of no further force or effect.

32. Binding Effect. This Agreement is binding upon the successors and assigns of the parties.

DATED this 2ND day of DECEMBER 2014.

Westwind Farm, LLC

By: Casper R. Hildner
Title: Manager

Extraction Oil and Gas, LLC

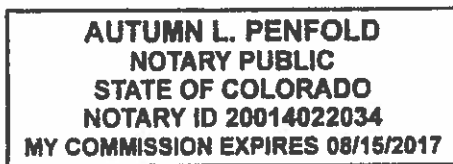
By: James L. / on
Title: AGENT

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing Surface Use Agreement between Westwind Farm, LLC and Extraction Oil and Gas, LLC was acknowledged before me this 2nd day of December, 2014, by Agnes R. Koldeway.

WITNESS my hand and official seal.

My Commission Expires: 8/16/17



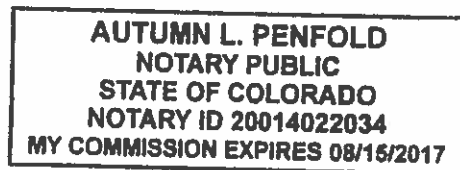

Notary Public

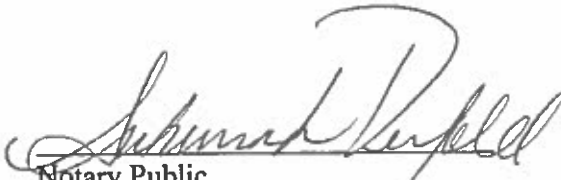
STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing Surface Use Agreement between Westwind Farm, LLC and Extraction Oil and Gas, LLC was acknowledged before me this 2nd day of December, 2014, by Jamison McIlvain.

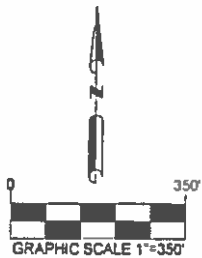
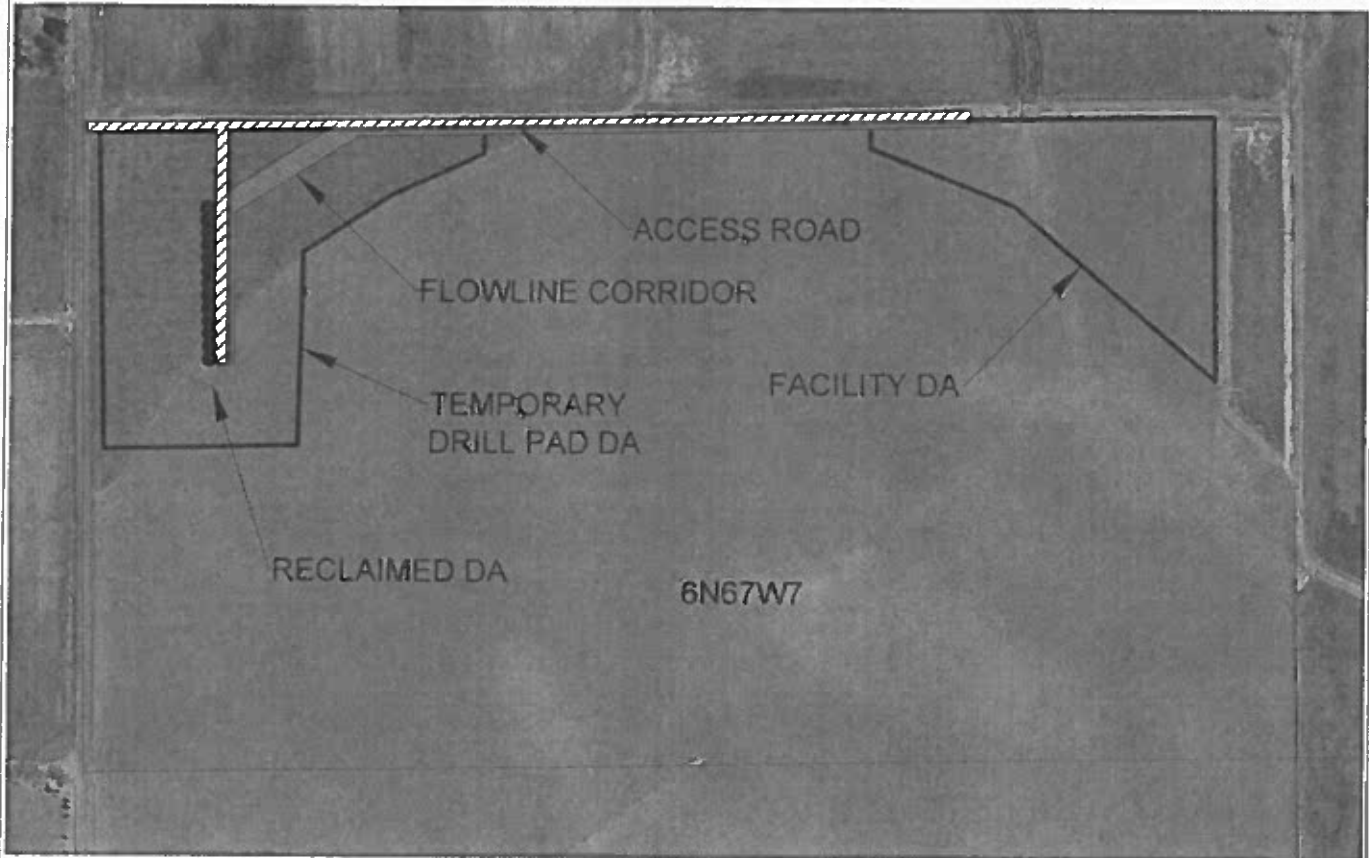
WITNESS my hand and official seal.

My Commission Expires: 8/16/17




Notary Public

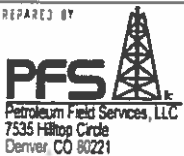
WESTWIND 7-P PAD
EXHIBIT A



LEGEND

● = PROPOSED WELL

PREPARED BY



FIELD DATE:
N/A

DRAWING DATE:
12-02-14

BY: MDCA
CHECKED BY: MLP

SITE NAME:

WESTWIND 7-P

SURFACE LOCATION:

LOT 2, SW 1/4, SEC. 7, T6N, R67W, 6TH P.M.
WELD COUNTY, COLORADO

PREPARED FOR:

