

WELLSITE SURFACE LEASE AND USE AGREEMENT

This Wellsite Surface Lease and Use Agreement ("Lease") is entered into effective as of January 1, 2016 ("Effective Date") between Markham Family Farms, LLC, a Colorado limited liability company ("Surface Owner"), whose mailing address is 1283 WCR 38, Berthoud, Colorado 80513 and Cub Creek Energy, LLC, a Delaware limited liability company ("Operator"), whose mailing address is 200 Plaza Drive, Suite 100, Highlands Ranch, Colorado 80129. Surface Owner and Operator herein sometimes collectively referred to as "Parties", and individually referred to as "Party".

RECITALS

WHEREAS, Surface Owner agrees to allow Operator, or an assignee or designee of Operator, to use and Operator agrees to use a portion of the surface of the lands owned by Surface Owner to serve as an operations and production area for the drilling and production of the wells; and

WHEREAS, Surface Owner has executed an Oil and Gas Lease dated January 21, 2011, by and between Glenn D. Markham and Patricia A. Markham, Markham Family Farms, LLC, Majestic Turf Farms, LLC, and Mindi D. Markham, as Lessor, and Apollo Operating, LLC, as Lessee, recorded in the public records of Weld County, Colorado under Reception Number 3747663 (referred to as the "Oil and Gas Lease") covering lands ("Lands") owned in whole or in part by Surface Owner in the South Half of Section 32, Township 4 North, Range 68 West, Colorado, 6th Principal Meridian, Weld County, Colorado;

WHEREAS, Operator has been granted or will prior to commencing operations on the Leased Property acquire rights and interest in and to the Oil and Gas Lease, specifically including the right to act as Operator of wells drilled under such Oil and Gas Lease ; and

WHEREAS, Operator, directly or through an assignee or designee, wishes to drill, complete and produce oil and gas wells under the Oil and Gas Lease with the surface location for the wells being on lands ("Lands") owned in whole or in part by Surface Owner in the South Half of Section 32, Township 4 North, Range 68 West, Colorado, 6th Principal Meridian, Weld County, Colorado.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged herein, the Parties agree as follows:

(1) Operator agrees that except as to the Road Easement and Pipeline Easement, which shall be located as provided in paragraphs 5 and 7 below, all oil and gas operations to be conducted under the Lease shall be conducted on the Markham Well Pad as described below. Surface Owner does hereby grant, demise, lease and let unto Operator, its successors and assigns, the exclusive right under the Oil and Gas Lease to use for the purposes of drilling, completing, producing, and operating one or more oil and gas wells (including but not limited to straight, directional and horizontal wells), storing, transporting and marketing oil, gas and other products produced from such wells, and all other rights as deemed reasonably necessary by Operator that may be associated with, incidental to, or convenient for any such drilling, completing, producing, and operating activity, including, but not limited to, workovers, deepening, sidetracking, recompleting, hydraulic fracture stimulation, and drilling replacement wells, and installing and maintaining Production Equipment as defined herein below, the surface and the subsurface of the following described lands; to-wit:

Township 4 North, Range 68 West, 6th P.M., Weld County, Colorado

Section 32: that certain 5.0 acres tract of land, situated in the North Half of the Southeast Quarter of Section 32, Township 4 North, Range 68 West, Colorado, 6th Principal Meridian, Weld County, Colorado, and identified as the "Markham Well Pad" in the plat attached hereto as Exhibit "A" (such tract also referred to herein as "Leased Property").

(2) This Lease shall commence on the Effective Date and shall continue for a primary term of five (5) years, and shall remain in effect after the expiration of the primary term for so long as any oil and gas

is produced from or operations are being conducted on a well that is located on the surface of the Leased Property without a lapse of more than three hundred sixty five (365) days. When there is a well located on the Leased Property that is capable of producing oil and/or gas, whether or not such well is actually producing oil and/or gas, then notwithstanding anything contained or implied in this Lease to the contrary, oil and gas shall be deemed as being produced from such well. If production and operations ceases after the expiration of the primary term, this Lease shall remain in effect if within three hundred sixty five (365) days from such session, either (i) production is restored from the Leased Property or (ii) additional operations are commenced in an effort to restore production from a well located on the Leased Property, including but not limited to installing or repairing Production Equipment, reworking an existing well and drilling a new well; and thereafter this Lease shall remain in effect as long as there is not a period of more than three hundred sixty five (365) days between any such operations and/or production from a well located on the Leased Property. The rights granted to Operator to use the Lease Property for drilling, operating and producing wells on the Leased Property shall be restricted to the extent that without the consent of the Surface Owner, there shall be no more than twelve (12) active wells on the Lease Property at the same time.

(3) Operator agrees to pay or cause to be paid to Surface Owner the sum of Redacted Redacted for each oil and gas well that is drilled from the surface of the Leased Property. Such payment shall become due and payable fifteen (15) days after a well is spud on the Leased Property. Such payment(s) shall represent the total consideration for damages caused in the ordinary course of oil and gas operations to be paid by Operator to Surface Owner for the granting of this Lease and all the rights set forth thereunder to Operator. Damages caused outside of the ordinary course of operations or by the negligent actions or misconduct by the Operator shall not be covered by the above payment. Except as otherwise specifically provided herein, in consideration of this payment, Surface Owner hereby waives all surface and/or other damage payments pursuant to any rule or regulation of the Colorado Oil & Gas Conservation Commission ("COGCC"), or any state statute, common law or prior agreement, for each and every well that is drilled and/or the installation of the Production Equipment located on the Leased Property pursuant to the ordinary course of operations.

(4) For the purposes of this Lease, "Production Equipment" shall be deemed to include, any and all equipment and/or facilities, whether located on the surface or subsurface of the Leased Property, as are deemed reasonably necessary by Operator for the purpose of conducting, any drilling, completing, producing, and operating activity on the Leased Property, and are associated with, incidental to or convenient for any and all operations conducted on the Leased Property as contemplated under this Lease. Production Equipment shall include, but not be limited to tanks, tank batteries, separators, dehydrators, compressors, pumping unit, vapor recovery units, wellheads, gathering lines, flowlines and other equipment, facilities and any associated housings and/or fencings. All Production Equipment on the surface of the Lands shall be located exclusively on the Markham Well Pad Property unless the prior consent of the Surface Owner is obtained. Except for the Markham Well Pad, the Road Easement and the Pipeline Easement, the surface of the Lands shall not be occupied by the Operator without the consent of the Surface Owner. If at the time Operator is ready to acquire Production Equipment to be used on the Leased Property, there is an available connection at the wellsite for electrical power as would be required for Operator to utilize electric motors for the Production Equipment, to the extent such Production Equipment is readily available for purchase with electric motors, Operator agrees to install the Production Equipment with electric motors. Operator agrees to use low profile oil and water tanks on the Markham Well Pad.

(5) Subject to the limitations hereinafter described, Surface Owner further grants and conveys to Operator, and its designees and assigns, a continuing right and entitlement to construct, own, operate, maintain, repair and replace all flowlines, gathering lines, other pipelines and related equipment that may be reasonably deemed necessary by Operator for its operations on the Lands. It is agreed such rights will be exercised by a non-exclusive right-of-way and easement ("Pipeline Easement") over, under and through the Lands for the purposes of installing, constructing, operating, maintaining, replacing and repairing one or more flow lines, gathering lines, and/or pipelines (collectively "Pipeline"), as reasonably necessary and incidental to, the exercise any of the rights granted under this Lease in and to the Leased Property, including but not limited to the transportation and marketing of oil or gas produced from any well located on the Leased Property. The

Pipeline Easement is to be approximately ten feet (10') in width and is to run along the Road Easement as approximately depicted on Exhibit "A". Operator will provide Surface Owner with as-built diagrams of the underground facilities located within the Pipeline Easement. All Pipelines shall be buried below ordinary plow depth. Subject to Surface Owner providing Operator with the land and rights necessary to construct and maintain an alternative Pipeline which is reasonable and feasible from a technical and engineering standpoint and complies with all applicable rules and regulations, Surface Owner shall have the right to require the relocation of any Pipeline, including a Pipeline lying within the Pipeline Easement, because of development plans that Surface Owner may have for the property owned by Surface Owner. Operator shall not object to any such relocation, so long as such relocation is reasonable and feasible from a technical and engineering standpoint and complies with all applicable rules and regulations. Any such relocation shall be at Surface Owner's cost and expense. Operator shall in good faith attempt to relocate any Pipeline as agreed to by the Parties within ninety (90) days of receipt of payment from the Surface Owner of the estimated cost of relocating the Pipeline. Surface Owner shall reimburse Operator for the actual costs of any relocation in excess of the estimate within thirty (30) days of receipt of an invoice from Operator or a third party that may have relocated the Pipeline at the request of Operator. Surface Owner shall be responsible for all abandonment and restoration costs associated with the Pipeline, or the portion thereof, that is abandoned at Surface Owner's request. Operator shall not be required to dig up and remove the line once abandoned, and may elect to abandon any Pipeline in place subject to the governing rules and regulations. Operator shall notify Surface Owner in writing of the abandonment and the location of the abandoned Pipeline.

(6) Surface Owner does hereby grant, transfer and convey unto Operator, and its designees and assigns, without the requirement for the payment of further consideration for any such well, a non-exclusive right-of-way and easement ("Drilling Easement") to drill and operate one or more horizontal and/or directional wells under the surface and through the subsurface of the Lands for the purposes of exploring, drilling, and operating for, and/or developing and producing oil and gas, to the extent that any such oil and gas is attributable, in whole or in part, to the mineral lands covered by the Oil and Gas Lease.. Operator is not permitted to use Surface Owner's lands to drill or operate a well which has a spacing unit that does not include any portion of the mineral lands covered by the Oil and Gas Lease. This Drilling Easement is separate and apart for the rights otherwise granted in this Lease. This Drilling Easement shall remain in full force and effect for the primary term hereof, and as long thereafter until any and all wells utilizing the Drilling Easement have been plugged and abandoned in compliance with the rules of the governmental authority.

(7) Subject to the limitations hereinafter described, Surface Owner further grants and conveys to Operator, and its designees and assigns, a non-exclusive right-of-way and easement ("Road Easement") approximately thirty feet (30') in width over, upon and through the Lands, and in lands owned in whole or part by Surface Owner which are contiguous or adjacent thereto, to the extent reasonably necessary to provide Operator, and its employees, contractors, subcontracts, agents and representatives the rights of ingress and egress to and from the Leased Property, and for the purposes of constructing, operating, maintaining, replacing and repairing a road or roads ("Access Road"), as determined necessary by Operator in the exercise any of the rights granted under this Lease in and to the Leased Property, including but not limited to the drilling, completing, producing, and operating an oil and gas well(s) and/or the transportation and marketing of oil or gas produced from any well located on the Leased Property. To the extent possible such access shall be accomplished through the existing roads. This Lease is intended to confine the placement of any Access Road to that general area as identified and depicted on the attached plat labeled Exhibit "A". Should Operator wish to construct and maintain a new or alternative Access Road outside of the general area for the Access Road as identified and depicted on the attached plat labeled Exhibit "A", it shall obtain Surface Owner's written consent and shall construct and maintain such road at its sole cost and expense, which consent shall not be unreasonably withheld. Except as to the extent that existing roads are used, access up to and around the Leased Property shall be on the road constructed and maintained at the sole cost and expense of Operator. Subject to Surface Owner providing Operator with the land and rights necessary to construct and maintain an alternative Access Road which is reasonable and feasible from a technical and engineering standpoint and complies with all applicable rules and regulations, Surface Owner shall have the right to require the relocation of any Access Road, including an Access Road lying within the Road Easement, because of development plans that Surface Owner may have for the property. Any such relocation shall be at Surface Owner's cost and

expense. Operator shall in good faith attempt to relocate any Access Road as agreed to by the Parties within ninety (90) days of receipt of payment from the Surface Owner of the estimated cost of relocating the Access Road. Surface Owner shall reimburse Operator for the actual costs of the relocation in excess of the estimate within thirty (30) days of receipt of an invoice from Operator or a third party that may have relocated the Access Road at the request of Operator. Surface Owner shall be responsible for all abandonment and restoration costs associated with the Access Road, or the portion thereof, that is abandoned at Surface Owner's request. Should Operator use a road that is constructed by Surface Owner, Operator shall be responsible for damage caused by its use of any such road, and shall hold Surface Owner harmless from any claims brought against Surface Owner as a result of damage or personal injury which to the extent that such damage or personal injury is directly caused by the use of the road by Operator. At its sole risk and expense, Surface Owner and its tenants shall have the right to use any Access Road constructed by Operator, provided that any such use shall not interfere with the use of the Access Road by Operator, and any such party using the Access Road shall do so at its sole risk and release Operator from all claims for damages or personal injury, regardless of fault or negligence by Operator. Surface Owner shall be liable for any damage to any Access Road constructed by Operator caused by Surface Owner's or its tenants use of the Access Road, and for any claims by third parties attributable to such use.

(8) Surface Owner expressly consents and approves to wells being drilled on the Leased Property acknowledging that: (i) the surface location of any wells drilled on the Leased Property will or may be an exception location and not lie within the drilling windows created for the designated well spacing unit by Rule 318A of the rules and regulations of the COGCC, and (ii) the surface location of any wells drilled on the Leased Property will or may be less than fifty (50) feet from an existing surface well location. As by this Lease, Surface Owner has agreed to the locations for wells and Production Equipment, together with the locations of Pipelines and access Roads to access the well sites, Surface Owner waives its right to engage in consultation with the oil and gas operator related to surface locations for wells, pipelines and roads, as required under the rules and regulations of the COGCC. Further, upon request of Operator, Surface Owner agrees to execute such further documents as maybe be required by the COGCC or other governmental or regulatory agencies to acknowledge the rights granted to Operator to use the Leased Property as set forth in this Lease to facilitate the permitting of any well or operation thereon or associated therewith. To the extent required Surface Owner also agrees to obtain such further executed documents from any tenant of Surface Owner.

(9) During the term of this Lease, Surface Owner will not locate any lot line, building, or structure within the Markham Well Pad without first granting any waiver(s) as may be required to allow Operator to continue to use the Lease Property for the purposes herein granted. Surface Owner shall not inhibit Operator's access to the Markham Well Pad or inhibit Operator's operations within the Markham Well Pad or any of the easements granted hereunder by landscaping or other improvements, unless otherwise agreed upon in writing by Operator, which will not be unreasonably withheld. Surface Owner understands and acknowledges that the COGCC has rules and regulations that apply to the distance between a wellhead and public roads, production facilities, building units and surface property lines, among other things. In order to give full effect to the purposes of this Lease, Surface Owner hereby waives its right to object to the location of any of Operator's facilities on the basis of setback requirements in the rules and regulations of the COGCC, as they may be amended from time to time. To the extent required Surface Owner agrees to obtain a similar waiver from any tenant of Surface Owner. Surface Owner further and similarly waives its right to object to any other state, county, city or local setback requirements or other requirements or regulations that are or become inconsistent with this Lease or that would prohibit or interfere with the rights of Operator, its designees and assigns, to explore for and produce oil and gas from wells located on the Markham Well Pad in accordance with this Lease. Operator or its successors and assigns may cite the waiver in this paragraph in order to obtain a location exception or variance under COGCC rules or from any other state or local governmental body having jurisdiction. Surface Owner agrees not to object to the use of the surface of the Markham Well Pad, so long as such use is consistent with the terms of this Lease, and Surface Owner will provide Operator or its successors and assigns with whatever written support they may reasonably require to obtain permits from the COGCC or any state, county or local jurisdiction. With the intent of providing a partial screen between the wellsite and the existing residence on the Lands, Operator agrees to acquire and plant trees at mutually agreed upon locations outside and surrounding the Markham Well Pad, but only to the

extent that the planting of a tree at any such location will not interfere with Operators operations on or access to the Markham Well Pad. Once planted, Surface Owner agrees to assume the responsibility for the maintenance for the trees, including but not limited to watering, and Operator shall have no responsibility to replace any of the trees.

(10) Operator shall be responsible for any actual damages to growing crops caused by Operator's construction and maintenance of the Markham Well Pad, Road Easement, and Pipeline Easement. Except as to crops that are damaged or lost and that are not located within the Markham Well Pad, the initial Road Easement and the initial Pipeline Easement, after the such construction, the amount to be paid to Surface Owner as provided in Section 3 shall be deemed to cover any damages which could be claimed by Surface Owner for the loss of the crops caused by Operator's on-going use of those Lands included in the Markham Well Pad, the initial Road Easement, as set for in Section 7, and initial Pipeline Easement, as set for in Section 5.

(11) Except as to claims arising out of pollution or environmental damage (which claims are governed by Section 12 below) or out of other provisions of this Lease (which claims shall be governed by the terms of this Lease), each Party shall be and remain responsible for (notwithstanding the termination of this Lease) its own liability for all losses, claims, damages, demands, suits, causes of action, fines, penalties, expenses and liabilities, including without limitation attorneys' fees and other costs associated therewith (all of the aforesaid herein referred to collectively as "Claims"), arising out of or connected with each such Party's use of and operations on the Markham Well Pad, the Pipeline Easement and/or the Road Easement, no matter when asserted, subject to applicable statutes of limitations. Each such Party shall release, defend, indemnify and hold the other Parties, their officers, directors, employees, contractors, subcontractors, agents, representatives, tenants, designees, successors and/or assigns, harmless against all such Claims. This provision does not, and shall not be construed to, create any rights in persons or entities not a party to this Lease, nor does it create any separate rights in Parties to this Lease. Upon the assignment or conveyance of a Party's entire interest in the Lands, that Party shall be released from all Claims attributable to actions or occurrences happening after such assignment or conveyance.

(12) Operator shall protect, indemnify, and hold harmless Surface Owner from any Environmental Claims relating to the Leased Property that directly arise out of Operator's use of and/or operations on the Leased Property, Operator's ownership and operation of Production Equipment, and Operator's ownership and operation Pipeline or Assess Road on the lands covered by this Lease. Surface Owner shall fully protect, defend, indemnify and hold harmless Operator from any and all Environmental Claims relating to the Lands that arise out of Surface Owner's use or development of the Lands covered by this Lease.

(13) Notwithstanding the termination of this Lease, any agreement and obligation of Operator to indemnify, protect and hold harmless Surface Owner, as set out herein, shall survive the termination of the term of this Lease, specifically including, any claims brought prior to the plugging of wells and the restoration of the Leased Property.

(14) Should Surface Owner believe that Operator is not in compliance with any of the terms and conditions of this Lease, Surface Owner shall provide Operator with written notice of such non-compliance. Neither Party shall be liable for, or be required to pay for, special, punitive, exemplary, incidental, consequential or indirect damages to any other Party for activities undertaken within the scope of this Lease. Provided, however, the Parties agree that incidental, consequential or indirect damages may be awarded to the extent, and only to the extent, that such damages (i) are determined to be solely caused by the action of one Party to this Agreement, and (ii) have actually been incurred by a Party and are not considered to be speculative or potential damages.

(15) Upon the termination of this Lease as provided in Section 2, Operator's right to use the Leased Property for additional operations or wells shall terminate. Provided, however, this Lease remain in full force and effect until Operator, at Operator's expense, has in full compliance with the rules and regulations

of the COGCC and any other governing regulatory agencies, plugged and abandoned all wells drilled on the Leased Property, and has removed any and all Production Equipment or other materials placed on the Leased Property, and has reclaimed and restored both surface of the Leased Property in compliance with any applicable rules, regulations or laws, and the terms of this Lease. Operator agrees to restore the surface of the Leased Property, and any Pipeline Easement or Road Easement used by Operator in connection with or impacted by its operations, to the extent reasonably practicable to a condition similar to the condition that existed as of the date of the Lease, or as otherwise may be required under any applicable rules, regulations or laws. If within one hundred twenty (120) days of the termination of Operator's right to use the Leased Property for additional operations or wells, Operator fails to commence in good faith operations to plug a well or to restore the Leased Property, Surface Owner shall have the right, in addition to any other available remedies, to perform or have a third party perform any such action. Operator agrees to reimburse Surface Owner within thirty (30) days of receipt of an invoice from Surface Owner, any and all reasonable costs incurred by Surface Owner in connection with any such reasonable action taken by or on behalf of Surface Owner. If Operator fails to reimburse such costs within the 30-day period, Operator shall be further responsible for all costs incurred by Surface Owner in collecting any such reimbursement, including but not limited to court cost and attorney's fee.

(16) The Operator shall use reasonable efforts to keep the Markham Well Pad free of weeds and debris.

(17) This Lease, any and amendment hereto shall not be recorded in the public records of Weld County, Colorado, without the written consent of both Parties. Provided, however, either party may record in the public records of Weld County, Colorado, a Memorandum of Surface Lease and Use Agreement, setting forth the identity of the Parties to the Lease, the effective date, the term of the Lease, the rights granted to Operator and the lands covered by the Lease, for the purpose of notice to third parties, with the document to be recorded to be signed by the each party at the request of the other party. . The recording party shall provide the other party with a recorded copy of any such recorded document. Notwithstanding, Operator may provide a copy of this Lease to the COGCC.

(18) THIS LEASE SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO.

(19) The rights granted herein may be assigned in whole or in part by either Party, and the terms, conditions, and provisions of this Lease are a covenant running with the land and shall extend to and be binding upon the successors, and assigns of Surface Owner and Operator. The Lease shall inure to the benefit of and shall be binding upon Surface Owner and Operator and their successors, assigns and designees.

(20) This Lease sets forth the entire understanding among the Parties hereto regarding the matters addressed herein, and supersedes any previous communications, representations or agreement, whether oral or written. This Lease shall not be amended, except by written document signed by all Parties. This Lease may be executed in counterparts, each of which shall be deemed an original instrument, and which together shall constitute but one and the same instrument. A facsimile or scanned copy of the signed Lease shall be deemed as an original executed copy thereof.

IN WITNESS WHEREOF, the Parties have duly executed this Lease as of the date set forth below.

Surface Owner:

Markham Family Farms, LLC

By: 

Name: EDMUND H. MARKHAM

Title: member

Date: 1/26/16

Operator:

Cub Creek Energy, LLC

By: 

Name: Robert A. Garber

Title: 1/27/16 President & CEO

Date: 1/27/16

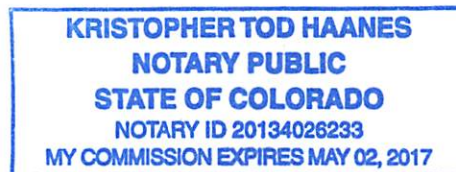
ACKNOWLEDGMENTS

STATE OF COLORADO)
) ss.
COUNTY OF WELD)

The foregoing instrument was acknowledged before me this 26th day of January, 2016, by Edmund H. Markham, as Member of Markham Family Farms, LLC, a Colorado limited liability company, by and on behalf of said company.

WITNESS my hand and official seal.
My commission expires: 5-2-2017

Kristopher Haanes
Notary Public



STATE OF COLORADO)
) ss.
COUNTY OF Douglas)

The foregoing instrument was acknowledged before me this 27th day of January, 2016, by Robert Gocher, as CEO+president of Cub Creek Energy, LLC, a Delaware limited liability company, by and on behalf of said company.

WITNESS my hand and official seal.
My commission expires: 10-26-2016

[Signature]
Notary Public

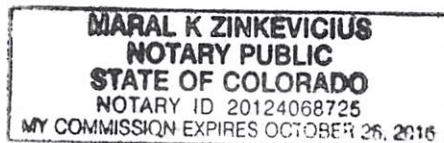
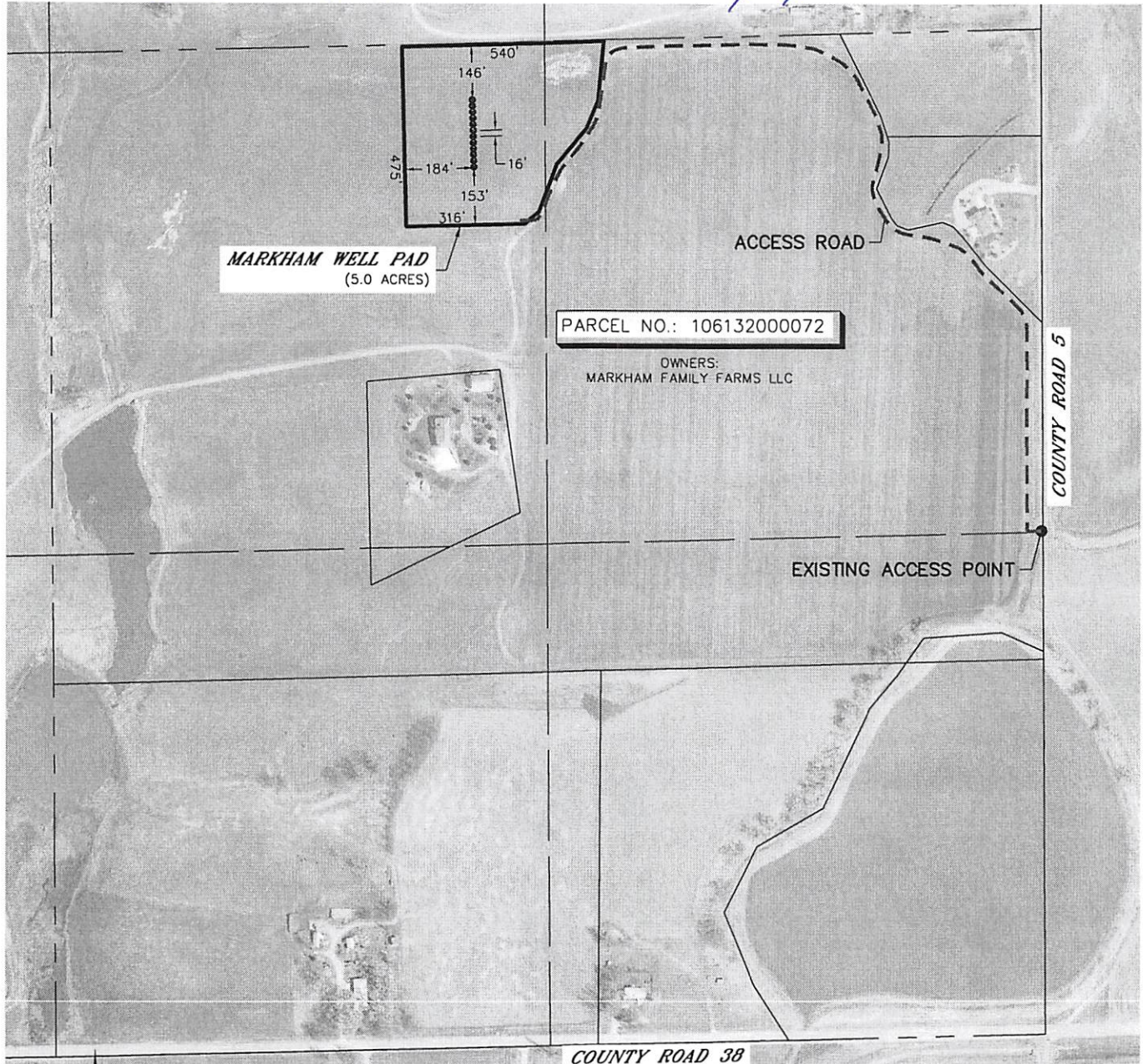


EXHIBIT "A"

This Exhibit "A" is attached to and made a part of that certain Surface Use Agreement by and between MARKHAM FAMILY FARMS, LLC Owner, and Cub Creek Energy, LLC, Company. Covering the following lands:

Township 4 North, Range 68 West, 6th P.M.
Section 32: N/2SE/4
Weld County, Colorado

BY: Edward H. Markham DATE: 1/26/16



LEGEND

PERMANENT DISTURBANCE = 5.0 ACRES

--- APPROXIMATE $\frac{1}{4}$ PERMANENT ACCESS EASEMENT



DATE: 01/05/2016
PROJECT#: 2015177