

EASEMENT, RIGHT-OF-WAY, AND SURFACE DAMAGE AGREEMENT

WITNESSETH:

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, the Parties agrees as follows:

1.) **OWNERSHIP.** Owner is the surface owner of certain lands located in Weld County, Colorado as more specifically described as follows ("**Lands**"):

Township 3 North, Range 68 West of the 6th P.M.

Section 21: SW/4

Operator and/or its affiliates, owns a working or other interest in oil and gas leases covering all or portions of the Lands or lands pooled or included in a spacing unit therewith or lands adjacent thereto (each a "**Lease**," collectively, the "**Leases**").

2.) **OPERATOR'S OIL AND GAS OPERATIONS ON THE LANDS.** Operator desires to drill (or cause to be drilled), complete, operate and maintain oil and/or gas wells (the "**Wells**") on the Lands and/or the Leases covering the Lands the subsurface locations of which may be under lands other than the Lands. In order for Operator to explore, develop, drill, construct, complete, produce, maintain, rework, and operate the Wells and all facilities associated therewith including, but not limited to, access roads (including existing roads on the Lands) ("**Access Roads**"), pipelines, production facilities including emission control devices, vapor recovery towers, vapor recovery units, flowlines, gathering lines, temporary above ground water lines, temporary above ground completion fluid pipelines, separators, tank batteries, electrical lines and any other facilities or property necessary for Operator to conduct operations on the Wells (each a "**Facility**," collectively, the "**Facilities**"), it is necessary that Operator enter and utilize a portion of the Lands.

3.) SURFACE EASEMENT AND RIGHT-OF-WAY; SUBSURFACE EASEMENT.

A.) Owner acknowledges and understands that Operator, as owner or lessee of the oil and gas estate for the Lands, owns 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 said the right, privilege and easement for the purpose of drilling, completing, operating, and maintaining Wells, constructing, using and maintaining Access Roads and locating, constructing, entrenching, operating, maintaining, repairing, altering, replacing and removing the Facilities and all necessary appurtenant facilities, for the purposes specifies in this Agreement, and including the rights of ingress to and egress from the Facilities across the Lands.

B.) Owner grants Operator the right to drill, complete, operate and maintain Wells on the Lands that produces and drain oil, natural gas and associated hydrocarbons from lands other than the Lands and lands pooled with the Lands.

C.) Owner further grants Operator a subsurface easement through the Lands for the purpose of drilling, completing, operating and maintaining oil and gas wells that may produce and drain

oil, natural gas, and associated hydrocarbons from lands other than the Lands and lands pooled with the Lands.

D.) Owner further grants Operator the right to gather to the Lands and transport from the Lands oil, natural and associate hydrocarbons produced from the Lands and lands other than the Lands and lands pooled with the Lands, and to transfer/assign such right to a third party gatherer.

4.) **LOCATION.** The location of Wells, the Access Roads to the Well sites and Facilities to be constructed on the Lands shall be agreed upon by and between Owner and Operator prior to commencement of operations. Material changes to the designated operating areas may be made by Operator with the consent of Owner, which shall not be unreasonably withheld, but will not unduly interfere with Owner's existing use of the Lands. It is also understood that additional Access Roads and Facilities located outside of the designated operating areas may be necessary for Operator's activities and in these circumstances Owner and Operator shall agree upon a mutually agreeable location for said Access Roads and Facilities. Operator agrees not to use any more of the surface of the Lands than is reasonably necessary to conduct its operations. This Agreement does not in any way limit the rights of Operator to drill future additional Wells with associate Facilities and Access Roads on the Lands or to exercise all rights consistent with its mineral ownership or lease rights.

5.) **CONDUCT OF OPERATIONS.** Operator's operations on the Lands will be conducted pursuant to the terms of the Leases, this Agreement, the rules and regulations of the Colorado Oil and Gas Conservation Commission ("**COGCC**"), applicable Colorado statutes and case law, and any applicable federal statutes and case law, providing that this Agreement does not create in Owner a private right to enforce the rules and regulations of the COGCC.

6.) **COMPENSATION AMOUNT.** The Parties acknowledge that Operator will provide Owner with certain good and valuable consideration prior to the commencement of drilling operations for each Well drilled which consideration is agreed to be and constitutes full and final consideration for settlement and complete satisfaction for any and all detriment, depreciations, injury, or damage of any nature to the Lands resulting from Operator's operations pursuant to this Agreement and/or the Leases. Any subsequent major operations for said Wells (refrac, recompletion, deepening, redrilling, etc.), except in case of emergency, shall require 10 days prior notice to Owner. **Operator shall pay Owner actual damages caused by said subsequent operations, if any.**

7.) **ADDITIONAL SURFACE USE PROVISION, ACCESS ROADS, FENCES AND FACILITIES.** With respect to its operations on the Lands, Operator will comply with the following provisions:

A. Access Roads

Operator will maintain all Access Roads in good repair and condition

B. Surface Restoration:

Within three months after initial disturbance to the Facilities or Access Roads or other operations, except for areas required for ongoing operations, Operator shall restore all disturbed surface areas not in the total disturbance area or not in use for current operations to their original condition as nearly as practicable. Upon permanent cessation of Operator's operations on the Lands, all areas thereof occupied or utilized by

Operator will be restored by Operator to their original contour as nearly as is reasonably practicable.

C. Other:

(i) Operator will install culverts on the Lands that may be necessary to maintain present drainage and irrigation otherwise affected by its operations on the Lands.

(ii) If by reason of the negligence of the Operator in the conduct of its operations pursuant to this Agreement and/or the Leases, there is damage to personal property of the Owner, including, but not limited to, irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation systems, Operator will repair or replace such items after consultation with and to the reasonable satisfaction of the Owner. Owner will notify Operator of any items damaged and Operator will repair or replace such items after consultation with the Owner within 15 day of occurrence, unless otherwise agreed to by the Owner and Operator.

(iii) Operator agrees that all trash, refuse, pipe, equipment, liquids, chemicals, or other materials brought on the Lands that are not necessary for continued operations of the Wells will be removed and disposed away from the Lands no later than 30 days after the completion of the Well. No such items will be burned or buried on the Lands.

(iv) During drilling operations the well sites and any pits shall be fenced if requested by Owner. After completion of the Wells and in the event of production, all production tanks shall be bermed. Additionally, the well sites shall be kept free and clear of all noxious weeds, unsightly growth and trash either during drilling operations or after completion and production.

(v) All guy line anchors for drilling and completion rigs shall be immediately removed after such work is completed.

(vi) Operator agrees to fence off the perimeter of the well sites with temporary fencing if reasonably requested by Owner. Operator will also install cattle guards and/or gates where reasonably necessary.

(vii) During installation of any Access Road or Facilities Operator shall minimize disruption of, and interference with, any ranching, agriculture or other operations then being conducted on the Lands. No non-oil and gas related activities are permissible at any time on the Lands by Operator. Operator acknowledges it is the policy of the Operator that no firearms shall be allowed in any vehicles that are utilized by Operator, its employees or contractors on the Lands; provided however, Operator assumes no responsibility or liability for claims or damages arising from any individual's intentional breach of this policy. Operator shall bury all pipelines and/or flowlines below plow depth at Owner's sole discretion.

8.) **DEFAULT AND RIGHT TO CURE**. In the event of alleged default by Operator in the payment of any of the sums hereinabove provided to be made, in obligation to be performed, or any other terms,

conditions, or covenants of this Agreement, Owner will notify Operator, by certified mail, return receipt requested, of the alleged default. Operator will have 60 days from receipt of the written notification in which to dispute or otherwise respond to the notification before Owner may allege default. If Operator remedies the alleged default within 60 days of Owner's notice, or if the alleged default is of a nature that cannot be remedied within 60 days, then if Operator commences the remedy of the alleged default within that 60 day period and diligently pursue such remedy, then no default shall be deemed to have occurred.

Except as otherwise agreed in writing, no waiver by Owner of any breach by the Operator of any of its obligations, agreement or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by Owner to seek a remedy for any breach by the Operator be deemed to be a waiver by Owner of its rights or remedies with respect to such breach.

It is agreed Owner's exclusive remedy for a breach or default by Operator of the terms of this Agreement is an action for compensatory damages and that Operator shall be liable to Owner for compensatory damages for any such breach or default. The compensatory damages shall be in an amount that has been agreed by the Parties or as established by a final judgment (with no further appeal available) of a court with jurisdiction over any claimed breach or default. It is also agreed that Operator shall not be liable for or required to pay special, punitive, exemplary, incidental, indirect or consequential damages.

9. **INDEMNITY/RELEASE.** Owner hereby releases and agrees to hold harmless Operator from any and all liability and further payment, other than what has been provided in this Agreement, for damages on the Lands which arise from, out of or in connection with the Operator's operations on the Lands, with the exception of claims, damages and causes of action that arise from Operator's gross negligence or willful misconduct, but only as to those operations which are described in and permitted by this Agreement and the Leases as defined in Paragraphs 1 and 21 of this Agreement, and for those operations which the Amount has been paid and received by Owner pursuant to this Agreement.

Operator hereby releases and agrees to hold harmless Owner from any and all liability for the consequences of Owner's non-negligent operations on the Lands.

Operator agrees to indemnify and hold Owner harmless from any and all claims, damages and causes of action arising out of and caused by Operator's operations on the Lands that may be asserted by any of Operator's agents, employees, subcontractors, contractors or persons entering upon the Lands at the request of Operator; with the exception of any claims, damages, and causes of action that arise from Owner's gross negligence or willful and wonton misconduct.

Owner agrees to indemnify and hold Operator harmless from any and all claims, damages and causes of action arising out of and caused by Owner's operations on the Lands that may be asserted by any of Owner's agents, employees, subcontractors, contractors or persons entering upon the Lands at the request of Owner; with the exception of any claims, damages, and causes of action that arise from Operator's gross negligence or willful and wanton misconduct.

10. **WAIVER OF COGCC NOTICES AND OTHER REGULATORY MATTERS.** Owner hereby waives the following notices and consultations and shall not object or protest any Application for Permit to Drill (Form 2) and Oil and Gas Location Assessment (Form 2A) filed by Operator with the COGCC:

- A. Rule 305.a.: Notice of Intent to Conduct Oil and Gas Operations;
- B. Rule 305.c.(1): Oil and Gas Location Assessment Notice;
- C. Rule 305.c.(2): Buffer Zone Notice;
- D. Rule 305.f.: Statutory Notice to Surface Owners;
- E. Rule 305.h.: Move-In, Rig-Up Notice;
- F. Rule 306.a.: Surface Owner Consultation and Meeting Procedures; and
- G. Any other notice or consultation requirements of the COGCC

Notwithstanding the foregoing, Operator agrees it will provide an initial notice to Owner after it has submitted a request for an Application for Permit to Drill (Form 2) to the COGCC.

H. Operator will incorporate the applicable provisions of this Agreement into the applicable Form 2A.

I. Owner shall not oppose Operator in any COGCC or other governmental proceedings related to Operator's operations, including, but not limited to, permitting, formation of drilling units, well spacing, well density, pooling, drilling, completion, stimulation, re-stimulation, workovers, deepening, and recompleting, provided that Operator's position and contemplated undertaking in such proceedings are consistent with this Agreement and the Leases as defined in Paragraphs 1 and 21 of this Agreement. Owner will provide Operator or its successors and assigns with any and all written support they may reasonably require to obtain permits from the COGCC, other state agency or any location jurisdiction.

K. Owner grants consent to locate the Wells greater than 50 feet from an existing well pursuant to COGCC Rule 318A(C). Owner grants consent to locate Wells outside of the GWA windows as defined in COGCC Rule 318A (a).

L. Owner understand and acknowledges that the COGCC has rules and regulations that apply to the distances between a wellhead and public roads, production facilities, building units, occupied buildings, and surface property lines, among other things. . For the operations contemplated by this Agreement, Owner hereby waives the Exception Zone, Bugger Zone, Urban Mitigation Area, and High Occupancy Building setback distances as required by COGCC rules and regulations.

M. Owner understands that Operator may provide a copy of this Agreement to the COGCC in order to obtain a waiver, exception location, or variance from the COGCC rules or from a location jurisdiction. Owner also agrees that it will not object in any forum to the use by Operator of the Lands provided that Operator is consistent with the terms of this Agreement and the Leases defined in Paragraphs 1 and 21 of this Agreement and that it will also provide Operator with whatever written support it may reasonably require to obtain permits from the COGCC or any location jurisdiction.

11. **NOTICES.** Notice by either Party will be promptly give, orally if possible (with the exception of the default notices described in Paragraph 8), with subsequent written confirmation (optional) sent by United States mail, postage prepaid and addressed to either Party at the addresses as designated below; or to such other place as either Party may from time to time designate by notice to the other (Owner agrees to notify any surface tenant that may be affected by Operator'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 Operator shall have no liability therefore):

Owner

Kiteley Farms, LLLP
13844 County Road 7
Longmont, CO 80504
Phone:970-217-7428
Attn: Diane Kulm

Operator

Extraction Oil and Gas, LLC
1800 Sherman Street, Suite 500
Denver, Co 80203
Phone (720) 974-2021
Attn: Jamison McIlvain

12. **BINDING EFFECT.** The covenants and conditions herein contained and all of the provisions of this Agreement will inure to the benefit of and will be binding upon the Parties hereto, their respective heirs, representatives, successors or assigns. Owner agrees to contact any and all tenants of Lands or any other third parties utilizing the surface of the Lands other than may be affected by Operator's activities on the Lands. It will be Owner's sole responsibility to advise such third parties of the existence of this Agreement and Operator's right to utilize the surface of the Lands pursuant to this Agreement for the payment of any consideration, if any, due such third party from Owner.

13. **RECORDING.** The Parties agree Operator may record this Agreement in the real estate records of Weld County, Colorado.

14. **ENTIRE AGREEMENT.** Except for that certain letter agreement of even date between Owner and Operator and the Leases, this Agreement contains the entire agreement between the Parties and may be modified orally or in any other manner other than be agreement in writing signed by all Parties or their respective successors or assigns.

15. **REASONABLE ACCOMODATION.** Owner acknowledges the use of the Lands by Operator as herein described is in full satisfaction of the requirement that Operator conduct its oil and gas operations in a manner that accommodates Owner. Owner further acknowledges Operator's use of the Lands as provided herein constitutes "reasonable accommodation" by Operator, its successors, and assigns as provided in Colorado Revised Statute 34-60-127.

16. **TERMINATION.** This Agreement will terminate concurrently with the Leases as they relate to Operator's and/or its affiliates rights to explore, drill and produce oil, natural gas and associated hydrocarbons from the Lands or lands pooled or unitized therewith or as otherwise provided herein. To the extent a moratorium or a restrictive governmental law or regulation prevents a Party from performing operations, this Agreement shall be extended for such period of time that the moratorium or restrictive governmental law or regulation is in place. Notwithstanding the termination of this Agreement, Operator may access the Lands to plug and abandon the Wells and to reclaim the Lands as provided in this Agreement and the Leases and for such other purposes as necessary to comply with the rules and regulations to Operator's operations.

17. **COUNTERPARTS.** This Agreement may be executed by facsimile or electronic mail, in counterparts, each of which will be considered any original and enforceable against either Party.

18. **GOVERNING LAW AND VENUE.** This Agreement will be governed by, construed and enforced in accordance with the law of Colorado. Venue shall be deemed to be in Weld County, Colorado.

19. **AUTHORITY OF SIGNATORIES.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

20. **SUCCESSORS.** This Agreement constitutes an easement, right-of-way, and covenant running with the Lands and will be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, affiliates, administrators, trustees, executors and assigns.

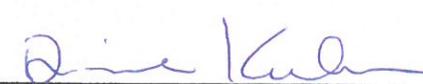
21. **RATIFICATION OF OIL AND GAS LEASE.** Owner hereby ratifies, adopts and confirms that certain oil and gas lease dated March 19, 1980, found at Reception Number 1821280 in the records of Weld County and that certain replacement oil and gas lease dated March 30th, 1984, found at Reception Number 1963226 in the records of Weld County (collectively, the "Leases"). The Leases are now owned by Operator, and Owner confirms that the Leases are in full force and effect and Owner grants, leases and lets unto Operator and its successors and assigns the Lands covered by the Leases for the purposes and upon the terms, conditions and provisions contained therein.

IN WITNESS WHEREOF, this Easement, Right-of-Way, and Surface Damage Agreement is dated effective May 7th, 2016.

Operator
Extraction Oil and Gas, LLC

By: 
Name: Jamison McIlvain
Title: Landman

Owner:
Kiteley Farms, LLLP

By: 
Name: Diane Kulm, General Partner

