

SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") dated this 1st day of February, 2017, is by and between Mile 250 LLC whose address is 1853 B Chesapeake Circle, Johnstown, CO 80534, hereinafter referred to as "Landowner" and Extraction Oil & Gas, Inc., whose address is 370 17th Street, Suite 5300, Denver, CO 80202, hereinafter referred to as "Operator".

Recitals

- A. Landowner owns the surface estate and the mineral estate in the land described as follows (hereinafter referred to as the "Land"):

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

Excepting from the above, a tract deeded to the Department of Highways by Deed recorded January 20, 1959, in Book 1522 at Page 541 and Deed recorded August 27, 1959, in Book 1539 at Page 239.

- B. Operator wishes to obtain an operations area for horizontal well sites and related activities.
- C. Landowner plans to fully develop the Land and wishes to set aside oil and gas operations areas for mineral development under the Land and lands pooled therewith.
- D. Landowner also grants Operator the right to drill, complete, operate and maintain Wells on the Land that produce and drain oil, natural gas and associated hydrocarbons from lands other than the Land and lands pooled with the Land.
- E. The parties wish to drill oil and gas wells on the property ("Wells") in advance of surface development and to provide for production and maintenance of the Wells and related facilities in such a manner as to minimize disruption of the Land and impact on the surrounding area.

Agreement

In consideration of the foregoing recitals and the terms, covenants, and conditions contained herein, it is agreed as follows:

1. Oil and Gas Operations Areas. The oil and gas operations area consisting of the area required to drill and complete the Wells and the area required thereafter (the "Operations Area"), are generally shown or described on Exhibit A. Also shown on Exhibit A are the general areas for flow line and pipeline easements and access roads. When Operator commences drilling, Exhibit A shall be refined by mutual agreement to show the



exact locations of the Operations Area, flow line and pipeline easements and access roads. Notwithstanding anything to the contrary contained herein, while Exhibit A may be refined, it may not be materially changed by Operator without the consent of Landowner, which consent can be withheld at Landowner's discretion. The access roads shall be no greater than 30 feet wide, shall be constructed according to Weld County Road standards at Operator's sole cost and expense, and shall be maintained and kept free of noxious weeds, litter and debris by Operator. Access roads shall not be used by Operator to access other lands for oil and gas operations or for any other purpose. Access roads are not for the exclusive use of Operator.

2. Operations Area. Operator agrees to keep its well sites in good order and free of litter, debris, trash, noxious weeds, and spilled hydrocarbons. In the event that Operator does not encounter commercial quantities of oil, gas, or other hydrocarbons at any well location and determines the location to be a "dry hole," Operator shall promptly fill in, smooth over, and clean up the well site and rights-of-way to as close as reasonably practicable to the condition it was in prior to Operator conducting any operations on the Land and shall restore and reseed the area with a seed mix approved by Landowner after replacing topsoil. In the event that any well drilled upon the Land is completed as a commercial producer of oil and/or gas, Operator shall promptly clean up the Temporary Operations Area and Operator shall restore such Temporary Operations Area to as close as reasonably practicable to the condition it was in prior to Operator conducting any operations on the Land, reseeding the same with a seed mix specified by Landowner. Reseeding referenced in this paragraph shall continue until vegetation has been reestablished. Operator shall remove and dispose of all trash, refuse pipe, equipment, liquids, chemicals, or other materials brought on the Land that are not necessary for continued operations of the Wells away from the Land no later than 30 days after the completion of the Wells. No such items will be burned or buried on the Land. All guy line anchors for drilling and completion rigs shall be immediately removed after such work is completed. Wells may be greater than 50 feet from an existing well pursuant to COGCC Rule 318A(c) and may be located outside of the GWA windows as defined in COGCC Rule 318A(a).

3. Lands Not Disturbed. Other than the Operations Area and the road and flow line easements, the Land shall not be disturbed by the Operator.

4. Payment for Wells. Operator shall compensate Landowner as set forth in that certain Letter Agreement of even date herewith for each well placed in the Operations Area. Said payment shall be made by Operator to Landowner prior to the commencement of drilling operations.

5. Existing Wells. Commencing on December 31, 2020, or three years after horizontal wells begin producing on the Land, whichever is later, Landowner shall have the option, but not the obligation, to cause Operator to plug and abandon the following wells located in the Operations Area as set forth on Exhibit B ("Operations Areas I and II") attached hereto and incorporated herein by this reference:



HFE 14-22
HFE 24-22
MLD 23-22
MLD 13-22
HFE 44-22
HFE 34-22
HFE 22SE
MLD 33-22
MLD 43-22

6. Top Soil. For any grading operations, top soil shall be stripped and stockpiled, and replaced at the conclusion of operations in each location.

7. Gates. Gates into the Operations Area shall remain closed except when necessary for vehicles to enter or leave the Operations Area.

8. Employee Parking and Living Quarters. Operator's employees shall not park on the Land outside of the Operations Area and are permitted to park in the Operations Area only while conducting operations on behalf of the Operator. No living quarters shall be constructed upon the Land, except that drilling crews and geologists or service personnel may use temporary trailers during drilling, completion, or reworking activities.

9. Activities on the Land. None of Operator's employees, agents, or contractors, or any other person under the direction or control of Operator shall be permitted to carry firearms or any other weapon on the Land and such persons shall not hunt, fish, or engage in recreational activities on the Land. No dogs will be permitted on the Land at any time. Operator will notify all of its contractors, agents, and employees that no dogs, firearms, weapons, hunting, fishing, or recreational activities will be allowed on the Land. None of Operator's employees, agents, or contractors, or any other persons under the direction or control of Operator, shall possess or be under the influence of alcohol, marijuana, or illegal drugs while on the Land. Further, Operator and its employees, agents, or contractors, or any other person under the direction or control of Operator shall not cut or transport firewood or remove artifacts and other non oil and gas materials from the Land.

10. Lighting. Lighting within the Operations Area shall be limited to that reasonably necessary to illuminate areas for ongoing night-time operations, safety and security.

11. Pipeline Easements. Pipeline easements shall be 50 feet in width during construction and 30 feet in width thereafter. No compressors or above ground equipment which is appurtenant to the pipeline shall be located outside of the Operations Area. Landowner shall have the right to cross pipeline easements with roadways and other utilities; provided that, such crossing is made at an angle of not less than 60 degrees and



not more than 90 degrees. Landowner shall also have the right to install and maintain easements that are both adjacent to and/or within the pipeline easements for utility lines, including, but not limited to those for water, gas, sewer, electric, telephone, cable, television, and fiber optic and other pipelines; provided, however: i) any new underground facilities that travel along a pipeline easement shall be located a distance horizontally of at least ten (10) feet from parallel existing pipelines; ii) any new underground facilities shall have at least twenty-four (24) inches of vertical clearance between such new facility and a pipeline; and iii) any overhead power lines shall be at least twenty (20) feet above the ground. Landowner agrees that it will notify each utility company that, except in cases of emergency, the Operator must be contacted at least ten (10) business days prior to commencement of any trenching or digging activities within ten (10) feet of their easement areas. Landowner may plant shallow root vegetation in the right-of-way and may maintain irrigation systems thereon. Landowner may also build and maintain unpaved trails along the pipeline easements. Operator shall not be liable for damage to the vegetation, irrigation system, or trails as a result of maintenance operations in the pipeline easements.

12. Use of Land. No compressors shall be located on the Land, except for wellhead compressors located in the Operations Area necessary to transport gas from the Land to the border thereof. There shall be no pits or disposal of waste on the Land and there shall be no Class II injection wells drilled on the Land. Operator shall not use the Land for underground gas storage, sequestration of any substances, or underground disposal of waste.

13. Third-Party Easements. This agreement does not grant easements to third parties for pipelines, electric lines, or fiber optic lines. Third party gatherers or utilities must negotiate a mutually acceptable agreement with Landowner.

14. Noise Mitigation. The Operator shall install all noise mitigation measures as required by the Colorado Oil and Gas Conservation Commission or local regulations.

15. Environmental Safeguards. Operator shall employ the best available equipment to recycle volatile organic compounds from tanks and separators in order to minimize escape of VOC's into the environment. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Land. Any spill of oil, grease, solvents, chemicals, or hazardous substances on the Land which are reportable to regulatory authorities under applicable law or regulations shall be immediately reported within twenty-four (24) hours to Landowner by telephone, fax, or e-mail, to be followed by copies of written notices which Operator has filed with regulatory authorities within five (5) business days after such filing.

16. Dust. Operator shall be responsible for instituting procedures during grading or other operations to mitigate to the greatest extent possible dust escaping the Operations Area.

A handwritten signature in black ink, appearing to be the initials 'JSE', located in the bottom right corner of the page.

17. Storm Water and Erosion Control. Operator shall be responsible for complying with all federal, state and local regulations relating to storm water runoff, sediment, and erosion control and shall obtain storm water permit(s) for all of Operator's activities.

18. Reclamation. Operator agrees to perform all reclamation and shall conduct its operations in accordance with the rules and regulations of the COGCC, unless a variance therefrom is granted by the COGCC upon the request of Landowner. Operator shall keep the Operations Area and pipeline and access easements free of weeds and debris and control erosion to preexisting conditions to the extent reasonably possible. When the Land is reclaimed, stockpiled top soil shall be laid and the Land reseeded using the seed which will restore the Land as near as possible to the condition it was in prior to commencement of Operator's operations. In the event there is no growth from the reseeded, Operator shall continue the process until growth is reestablished.

19. Extraordinary Damages. The compensation provided for herein is acknowledged by Owner as sufficient and in full satisfaction for all damages, detriment, depreciation, or injury of any nature to the Land or crops growing thereon caused or created by the reasonable and customary entry, rights-of-way, and operation and use of roads and well sites, but do not include damage to livestock, buildings, or improvements, injuries to persons, or environmental damage. This Agreement does not relieve Operator from liability due to Operator's negligence or due to spills or discharges of any hydrocarbon or toxic substance or hazardous chemicals or wastes, or from leaks or breaks in Operator's pipelines. Damage to or loss of livestock shall be paid for by Operator at the higher of market value or replacement cost. Any pollution of the Land or groundwater due to spills or leaks of hydrocarbons, chemicals, produced water, or other oilfield waste, shall be reclaimed to the pre-contamination condition of the Land and/or groundwater.

20. Well Abandonment. Upon the abandonment of the Wells, Operator shall remove all equipment and roads within one year of said abandonment and reclaim the Land to its pre-operations condition as nearly as practical.

21. Power Lines. Operator shall not install above ground power lines on the Land.

22. Waiver of COGCC Notices. Landowner 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 provided it is in compliance with the terms and conditions of this Agreement:

- A. Rule 305.a.: Notice of Intent to Conduct Oil and Gas Operations;
- B. Rule 305.c.(2): Buffer Zone Notice;
- C. Rule 305.f.: Statutory Notice to Surface Owners;



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

23. Reasonable Accommodation. Owner acknowledges the use of the Land 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 Land as provided herein constitutes "reasonable accommodation" by Operator, its successors, and assigns as provided in Colorado Revised Statute §34-60-127.

24. Authority. Each party represents that it has the full right and authority to enter into this Agreement with respect to the surface rights or oil and gas interests it owns in the Land, as applicable.

25. Binding Effect. This Agreement and all of the covenants in it shall be binding upon the subsequent lessees and assignees of lessees and the personal representatives, heirs, successors and assigns of the parties, and the benefits of this Agreement shall inure to all of them. This Agreement and all of the covenants in it shall be covenants running with the land.

26. Recording. The Operator shall record this Agreement with the Clerk and Recorder of Weld County and provide evidence to the Landowner of the recording as soon as practicable.

27. Law. The validity, interpretation and performance of this Agreement shall be governed and construed in accordance with the laws of the State of Colorado, without reference to its conflicts of law provisions.

28. Conflict. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it conflicts with such laws; however, the remainder of this Agreement shall be in full force and effect. In the event that any part of this Agreement would otherwise be unenforceable or in conflict with applicable laws due to the term or period for which such part is in effect, the term or period for which such part of this Agreement shall be in effect shall be limited to the longest period allowable which does not cause such part to be unenforceable or in conflict with applicable laws. In the event the terms of this Agreement and the terms of the Oil and Gas Lease or Leases pertaining to the Land conflict, the terms of this Agreement shall control.

29. Notice. All notices, approvals, consents, or requests given or made pursuant to this Agreement shall be in writing and either: a) sent by nationally recognized overnight courier; b) personally delivered; c) sent by registered or certified mail with postage prepaid; or d) sent by facsimile transmission. Notices sent by nationally recognized overnight courier or personally delivered shall be deemed delivered on the date of delivery. Notices sent by certified or registered mail shall be deemed delivered five (5) business days after deposit in the U.S. Mail, as applicable. Notices sent by



facsimile transmission shall be deemed delivered on the date of delivery as confirmed by electronic answerback confirmation. Rejection or other refusal to accept, or the inability to deliver because of a changed address of which no notice was given, shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver. Notices shall be sent to the parties at the addresses set forth in the first paragraph of this Agreement or to the addresses subsequently provided to the parties.

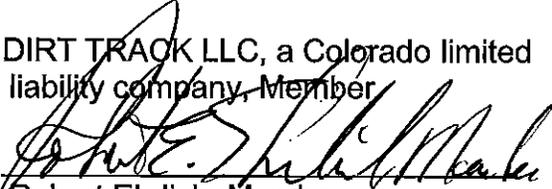
30. Entire Agreement. This Agreement, the exhibits hereto, the Letter Agreement referenced in this Agreement, and the oil and gas lease set forth the entire integrated agreement among the parties and supersedes any previous communications, representations or agreements, whether oral or written. No change of any of the terms or conditions herein shall be valid or binding on any party unless in writing and signed by an authorized representative of each party.

31. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

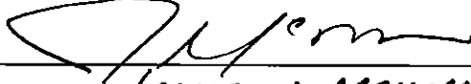
IN WITNESS WHEREOF, the parties have caused this Surface Use Agreement to be executed by their duly authorized representatives on the dates set forth in the acknowledgements, but to be effective on the date first written above.

MILE 250 LLC, a Colorado limited liability Company

By: DIRT TRACK LLC, a Colorado limited liability company, Member

By: 
Robert Ehrlich, Member

EXTRACTION OIL & GAS, LLC

By: 
Name: JAMISON MCILVINN
Title: AGENT

(The remainder of this page is intentionally left blank. Acknowledgment page to follow.)



Acknowledgments

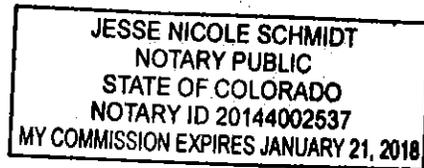
STATE OF Colorado)
) ss.
COUNTY OF Weld)

The foregoing Surface Use Agreement was acknowledged before me this 7th day of February, 2017, by Robert Ehrlich, member of Dirt Track LLC, a Colorado limited liability company, as member of Mile 250 LLC, a Colorado limited liability company.

Witness my hand and official seal.

Jesse Schmidt
Notary Public

My commission expires: 1/21/2018



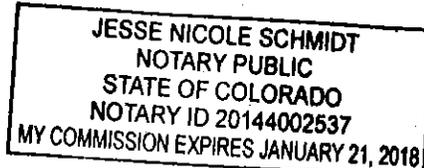
STATE OF Colorado)
) ss.
COUNTY OF Denver)

The foregoing Surface Use Agreement was acknowledged before me this 6th day of February, 2017, by Jamison McIlvain as Agent of Extraction Oil & Gas, LLC.

Witness my hand and official seal.

Jesse Schmidt
Notary Public

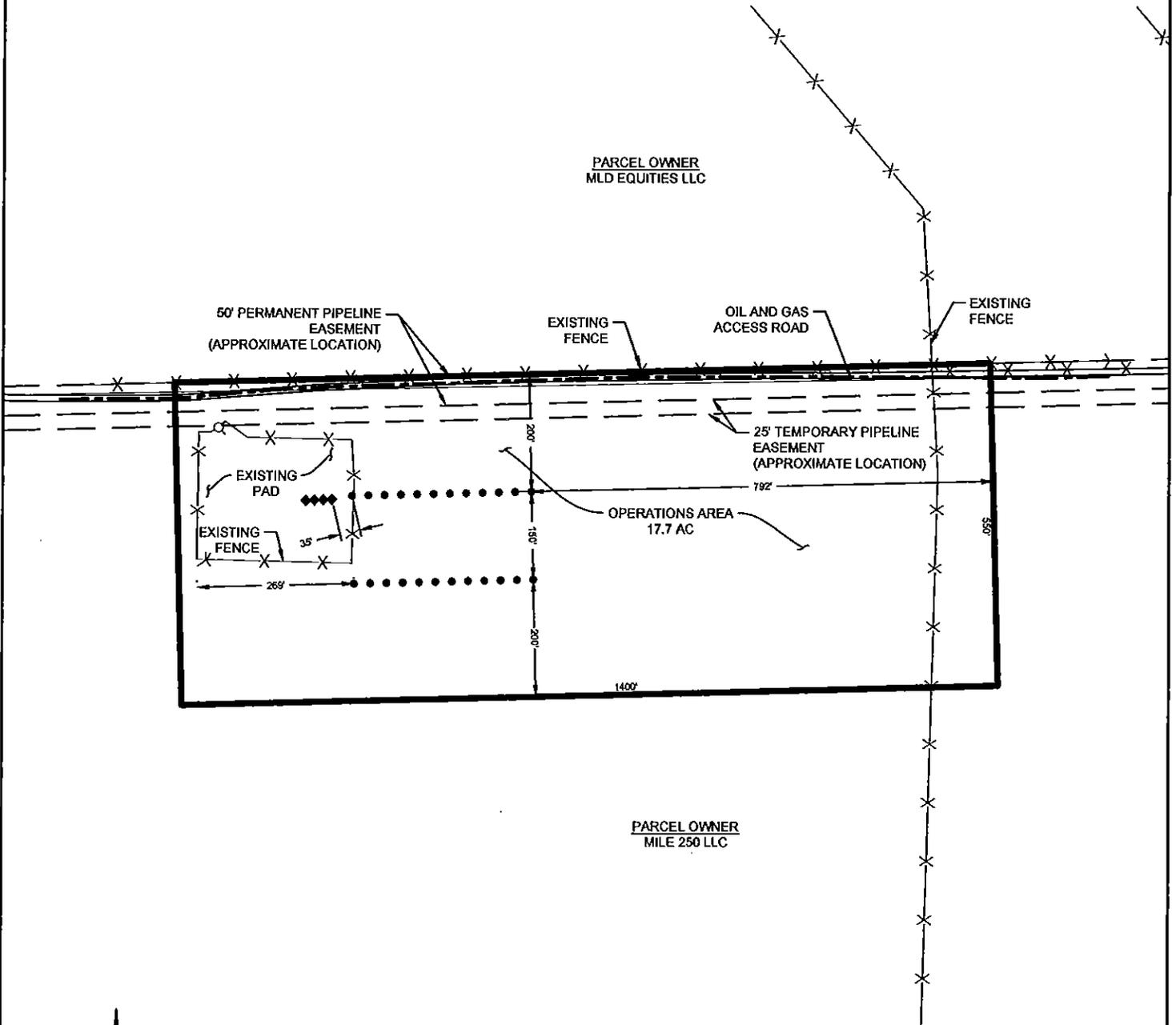
My commission expires: 1/21/2018



[Handwritten signature]

HFE 22-P PAD EXHIBIT A

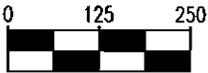
PARCEL OWNER
MLD EQUITIES LLC



PARCEL OWNER
MILE 250 LLC

LEGEND

- = PROPOSED WELL
- ◆ = EXISTING WELL
- - - = EDGE OF EASEMENT (APPROXIMATE)
- = PERMANENT OGOA



SCALE: 1" = 250'

DISCLAIMER:
THIS PLOT DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND SHOULD NOT BE
RELIED UPON TO DETERMINE BOUNDARY LINES, PROPERTY OWNERSHIP OR OTHER
PROPERTY INTERESTS. PARCEL LINES, IF DEPICTED HAVE NOT BEEN FIELD VERIFIED AND
MAY BE BASED UPON PUBLICLY AVAILABLE DATA THAT ALSO HAS NOT BEEN
INDEPENDENTLY VERIFIED.

DATA SOURCE:
PARCEL LINES: WELD COUNTY ASSESSOR
PUBLICLY AVAILABLE DATA SOURCES HAVE NOT BEEN
INDEPENDENTLY VERIFIED BY PFS.

PREPARED BY:



FIELD DATE:

N/A

DRAWING DATE:

02-01-17

BY:

JLG

CHECKED BY:

MLP

SITE NAME:

HFE 22-P PAD

SURFACE LOCATION:

SW 1/4 SW 1/4 SEC. 22, T4N, R68W, 6TH P.M.

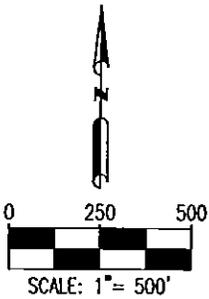
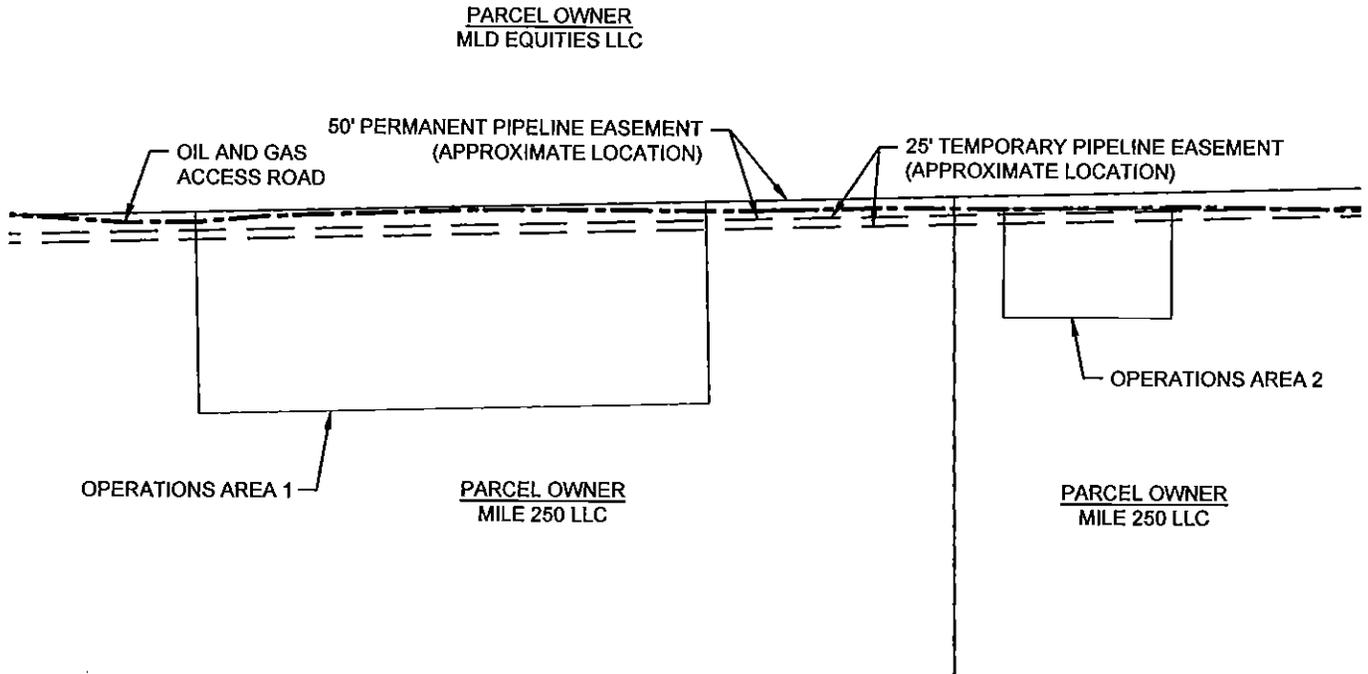
WELD COUNTY, COLORADO

PREPARED FOR:



PFE

OPERATIONS AREA 1 AND 2 EXHIBIT B



DISCLAIMER:
THIS PLOT DOES NOT REPRESENT A MONUMENTED LAND SURVEY AND SHOULD NOT BE RELIED UPON TO DETERMINE BOUNDARY LINES, PROPERTY OWNERSHIP OR OTHER PROPERTY INTERESTS. PARCEL LINES, IF DEPICTED HAVE NOT BEEN FIELD VERIFIED AND MAY BE BASED UPON PUBLICLY AVAILABLE DATA THAT ALSO HAS NOT BEEN INDEPENDENTLY VERIFIED.

DATA SOURCE:
PARCEL LINES: WELD COUNTY ASSESSOR
PUBLICLY AVAILABLE DATA SOURCES HAVE NOT BEEN INDEPENDENTLY VERIFIED BY PFS.

PREPARED BY:



FIELD DATE:

N/A

DRAWING DATE:

01-30-17

BY:
JLG

CHECKED BY:
MLP

SITE NAME:

OPERATIONS AREA 1 AND 2

SURFACE LOCATION:

S 1/2 S 1/2 SEC. 22, T4N, R68W, 6TH P.M.

WELD COUNTY, COLORADO

PREPARED FOR:



JLG