

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

This Easement, Right-of-Way and Surface Use Agreement ("**Agreement**") is entered into and effective this 13TH day of APRIL, 2017, by and between **Vernon Lee Jesser and Mary Elizabeth Jesser** ("**Owner**"), whose address is **3497 Weld County Road 48, Berthoud, CO 80513** and **Extraction Oil and Gas, Inc.** ("**Operator**"), with offices at **370 17th Street, Suite 5300, Denver, CO 80202** sometimes referred to each as a "**Party**," or collectively as the "**Parties**."

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 agree as follows:

1. **OWNERSHIP.** Owner is the surface owner of certain lands more particularly described as follows:

Township 4 North, Range 68 West of the 6th P.M.

Section 03: Part of the SW $\frac{1}{4}$

Weld County, Colorado

(the "Lands").

SEE ATTACHED EXHIBIT "A"

Operator, or its affiliates, owns a working interest, leasehold interest, or other interest under certain oil and gas leases covering all or portions of the Lands, or lands pooled or included in a spacing unit therewith (the "Lease," or "Leases").

2. **OIL AND GAS OPERATIONS ON THE LANDS.**

A. Operator desires to drill, complete, operate, produce and maintain oil or gas wells (the "Wells") on the Lands or the Leases, the subsurface locations of which may be under lands other than the Lands but shall be pooled or spaced with the Lands. In order for Operator, its agents, consultants, successors or assigns to explore, permit, survey, obtain consents and waivers, develop, drill, construct, complete, recomple, produce, maintain, rework, equip, deepen, stimulate, re-stimulate, assess, evaluate, inspect, test, update, upgrade, operate, secure, and transport production from the Wells and all facilities associated therewith including, but not limited to, access roads (including existing roads on the Lands) ("Access Roads"), pipelines, infrastructure, equipment, surface appurtenances and production facilities including but not limited to emission control devices, vapor recovery towers, vapor recovery units, flowlines, transmission lines used solely for operations on the Lands and lands pooled therewith, temporary above ground water lines, temporary above ground completion fluid pipelines, separators, tank batteries, MLVTs, LACT units, electrical lines, used solely for operations on the Lands and lands pooled with the Lands, utility lines, used solely for operations on the Lands and lands pooled with the Lands, and any other facilities or property necessary for Operator to conduct operations on the Wells (each a "Facility," collectively, the "Facilities"), Owner recognizes it is necessary that Operator, its agents, consultants, successors or assigns enter and utilize a portion of the Lands in order to operate and maintain the Wells and Facilities. Owner and Operator desire to mitigate any surface damage to the Lands and to set forth their agreements with respect to future operations on the Lands, to accommodate operations and development of the surface, and to provide for cooperation between the Parties and the mutual enjoyment of the Parties' respective rights in and to the Lands. This Agreement sets forth the Parties' rights and obligations regarding the development and use of the Lands by Owner and the use of and operations conducted by Operator.

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

A. Owner hereby grants to Operator as successor lessee under that certain Oil and Gas Lease covering the Lands, its successors and assigns and each of their agents, employees, contractors and subcontractors, an easement and right-of-way on, over, across, and through the portion of the Lands described on Exhibit A attached hereto and incorporated herein by this reference for the purpose of drilling, completing, operating, securing, producing, evaluating, deepening, reworking, equipping, maintaining, plugging and abandoning of 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 specified in this Agreement including ingress and egress from the Facilities.

B. Owner grants Operator the right to drill, complete, operate and maintain Wells on the Lands that produce oil, natural gas, produced liquids, and associated hydrocarbons from 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, re-stimulating, reworking and maintaining oil and gas wells that may produce and drain oil, natural gas, produced liquids and associated hydrocarbons from lands pooled with the Lands.

D. Owner further grants Operator the right to gather from the Lands and lands pooled therewith oil, natural gas, produced liquids and associated hydrocarbons produced from the Lands and lands pooled with the Lands, and to transfer/assign such right to a third party gatherer. 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 Owner.

4. **LOCATION/OIL AND GAS OPERATIONS AREA.**

The locations of Wells, the Access Roads to the Well sites and Facilities to be constructed on the Lands (the "Oil and Gas Operations Area" or "OGO") are set forth on Exhibit A attached hereto and incorporated herein by this reference. Material changes to the OGO may be made by Operator with the consent of Owner. Other than the OGO, the Facilities, and the road and flowline easements depicted on the attached Exhibit A, the Lands shall not be disturbed by Operator except in the event of an emergency or for reasonable, incidental, and temporary activities. There shall be no pits or disposal of oilfield waste on the Lands and there shall be no wells drilled thereon for injection of produced water, flow back fluids, or other liquid waste. No compressors shall be located on the Lands, except for wellhead compressors located in the OGO necessary to transport gas from the Lands to the border thereof. There shall be no underground gas storage or sequestration of any substances.

5. **CONDUCT OF OPERATIONS.**

Operator's operations on the Lands will be conducted pursuant to the terms of this Agreement, the rules and regulations of the Colorado Oil & Gas Conservation Commission ("COGCC"), applicable Colorado statutes and case law, and any applicable federal statutes and case law in effect from time to time.

6. **COMPENSATION AMOUNT.**

The Parties acknowledge that Operator will provide Owner with certain good and valuable consideration, as described in that confidential Letter Agreement of even date herewith, prior to the commencement of drilling operations for each Well drilled which consideration is agreed to be and constitutes full, complete and final consideration for settlement and complete satisfaction for normal detriment, depreciation, injury, or damage to the Lands or crops growing thereon that may occur as a result from Operator's operations pursuant to this Agreement. Subsequent operations related to the Wells including but not limited to refracs, recompletions, deepening, or redrilling, except in case of emergency, shall require prior written notice to Owner. Operator shall pay Owner actual damages caused by said subsequent operations, including damages caused by emergency operations.

7. **ADDITIONAL SURFACE USE PROVISIONS, ACCESS ROADS, AND FACILITIES.**

With respect to its operations on the Lands, Operator and Owner will comply with the following provisions:

A. **Access Roads:**

(i) Owner shall provide Operator with continuous access to the Lands, Wells, Facilities and all associated oil and gas operations, equipment and areas associated therewith as set forth on the attached Exhibit A.

(ii) Operator will maintain all Access Roads in good repair and condition, shall keep them free of noxious weeds, litter and debris, and shall control dust, in accordance with COGCC regulations, state laws, and other applicable regulatory or statutory frameworks in effect from time to time. Roads will be constructed only when reasonably necessary, and will be limited to twenty-five (25) feet in width for the actual traveled road bed, together with a reasonable width not to exceed a total of ten feet for fills, shoulders and crossings. All roads constructed by Operator shall be at Operator's sole cost and expense. No scoria will be used on the Lands. Roads shall not be used by Operator to access other lands for oil and gas operations or for any other purpose. Roads are not for the exclusive use of Operator.

B. Pipelines:

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 OGOA. Owner 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. Owner 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 installed by Owner shall be at least twenty (20) feet above the ground. Owner 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. Owner may plant shallow root vegetation in the right-of-way and may maintain irrigation systems thereon. Owner 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.

C. Surface Restoration:

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 condition immediately prior to operations as nearly as is reasonably practicable, and according to COGCC regulation. Topsoil will be separately stockpiled during construction operations and returned to the surface during reclamation activities. Following termination of their use in operations, Operator will remove all facilities located on the Lands and provide Owner with evidence thereof; provided however, that Owner, in its sole discretion, may choose to allow some or all facilities to be abandoned in place. All dry hole markers shall be set sub-surface.

D. Other:

(iii) Operator will install culverts on the Lands that may be necessary to maintain drainage and irrigation in a manner equivalent to conditions upon the Lands immediately prior to operations as nearly as is reasonably practicable.

(iv) If by reason of Operator's conduct of its operations pursuant to this Agreement 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, replace, or compensate Owner for such items after consultation with and to the reasonable satisfaction of the Owner. Owner will notify Operator of any items damaged after the Wells have been drilled and completed and Operator will repair, replace, or compensate Owner for such items within ten business days of notice, unless otherwise agreed to by the Owner and Operator.

(v) 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 Wells. No such items will be burned or buried on the Lands.

(vi) During and after drilling operations, the well sites shall be fenced. Operator will repair or replace, to Owner's reasonable specifications, any improvement, fence, cattle guard or gate damaged as a result of Operator's activities. Gates into the OGOA shall remain closed except when necessary for vehicles to enter or leave the OGOA. Additionally, the well sites shall be kept free and clear of all noxious weeds, unsightly growth and trash.

(vii) Operator will also install cattle guards or gates where reasonably necessary.

E. Employee Parking and Living Quarters:

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

F. Activities on the Lands:

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 Lands and such persons shall not hunt, fish, or engage in recreational activities on the Lands. No dogs will be permitted on the Lands 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 Lands. 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 Lands. Further, Operator and its employees, agents, or contractors, or any other person under the direction or control of Operator shall not remove artifacts and other non oil and gas materials from the Lands.

G. Lighting:

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

H. Noise Mitigation:

The Operator shall install all noise mitigation measures as required by the Colorado Oil and Gas Conservation Commission or local regulations in existence from time to time.

I. 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 Lands. Any spill of oil, grease, solvents, chemicals, or hazardous substances on the Lands which are reportable to regulatory authorities under applicable law or regulations shall be reported within twenty-four (24) hours to Owner 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.

J. 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.

K. Power Lines:

There shall be no above ground power lines located on the Lands.

L. Water Quality and Quantity:

Baseline water quality and quantity tests shall be conducted and paid for by Operator on all water wells on the Lands prior to drilling and such wells shall be tested on a yearly basis thereafter. Testing parameters will be those customarily used and those required by regulation and shall include tests for turbidity. Test results will be provided to Owner. Owner shall be entitled to conduct its own tests at its cost. Test results will be provided to Operator.

8. DEFAULT AND RIGHT TO CURE.

In the event of alleged default by Operator in the payment of any Compensation Amount, in obligations 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 30 days from receipt of the written notification in which to dispute or otherwise respond to the notification before Owner may pursue other remedies of the alleged default. If Operator cures the alleged default

within 30 days of Owner's notice, or if the alleged default is of a nature that cannot be cured within 30 days, then if Operator commences curing the alleged default within that 30 day period and diligently pursues such cure and the default is cured within 90 days, 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, agreements, or covenants hereunder will be deemed to be a waiver of any subsequent or continuing breach of the same, nor will any forbearance by 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.

9. **INDEMNITY/RELEASE.**

Owner hereby releases and agrees to hold harmless Operator, its agents, successors and assigns from liability and further payment, other than what has been provided in this Agreement, for normal damages on the Lands which arise from, out of or in connection with the Operator's operations on the Lands, but only as to those operations described in and permitted by this Agreement, and for those operations which the Compensation 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 arising from 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, its agents, successors and assigns 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, willful or wanton misconduct.

10. **WAIVER OF COGCC NOTICES AND OTHER REGULATORY MATTERS.**

A. Owner hereby waives the following notices and consultations provided Operator is in compliance with this Agreement:

- (i) Rule 305.a.: Notice of Intent to Conduct Oil and Gas Operations;
- (ii) Rule 305.c.(1): Oil and Gas Location Assessment Notice;
- (iii) Rule 305.c.(2): Buffer Zone Notice;
- (iv) Rule 305.f.: Statutory Notice to Surface Owners;
- (v) Rule 305.h.: Move-In, Rig-Up Notice; and
- (vi) Rule 306.a.: Surface Owner Consultation and Meeting Procedures.

B. Owner 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 the form filed is in compliance with this Agreement. Subject to this Agreement, Owner agrees to allow Operator to locate the Wells and Facilities in the location set forth on the attached Exhibit A.

C. Owner hereby waives any right granted by COGCC rule to comment on the Form 2A, to request an extension of the comment period, to request an onsite inspection pursuant to COGCC policy, and to appeal the approval and issuance of the Form 2A, and any related Form 2, provided Form 2A and any related Form 2 are in compliance with this Agreement.

D. Owner shall not oppose Operator, its agents, consultants, attorneys, successors and assigns in any COGCC or other administrative or 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 undertakings in such

proceedings are consistent with this Agreement. Owner will provide Operator, its agents, consultants, attorneys, successors and assigns with any and all written support they may reasonably require to obtain permits from the COGCC or other applicable governmental body.

E. 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, occupied buildings, and surface property lines, among other things. Owner hereby waives its right to object to the location of any Well, Access Roads and Facilities on the basis of setback requirements in the rules and regulations of the COGCC, including, but not limited to, the 150 foot setback from surface property lines and other requirements of rules 603.a.(2), and 604.a, except that the Parties intend to rely upon one or more exceptions of rule 604.b of the rules and regulations of the COGCC relating to property lines and urban mitigation areas or designated outside activity areas, as those terms may change or be defined and amended from time to time, provided Operator is in compliance with this Agreement. For the operations contemplated by this Agreement, Owner hereby waives the Exception Zone, Buffer Zone, Urban Mitigation Area, and High Occupancy Building setback distances, as required by COGCC rules and regulations.

F. 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.

G. 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 local jurisdiction.

11. **NOTICES.**

Subject to the terms, conditions, and covenants of this Agreement written Notice by either Party will be promptly served to the other Party by United States mail, postage prepaid and addressed to either Party, or to such other place as either Party may from time to time designate by notice to the other, at the following addresses:

<u>Owner</u> Vernon Lee Jesser and Mary Elizabeth Jesser 3497 Weld County Road 48 Berthoud, CO 80513 Phone: (970) 405-1050	<u>Operator</u> Extraction Oil and Gas, Inc. 370 17 th Street, Suite 5300 Denver, CO 80202 Phone: (720) 557-8300 Attn: Surface Land Department
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Owner agrees to notify any surface tenant or other third party that may be affected by Operator's operations on the Lands and Owner may allocate the payments made hereunder with such surface tenant as mutually agreed upon between themselves. Neither this Agreement nor any operations arising hereunder shall create any rights, obligations or liability between Operator and such third parties.

12. **BINDING EFFECT.**

The terms, conditions, covenants, and provisions of this Agreement will inure to the benefit of and will be binding upon the Parties hereto, their respective heirs, agents, representatives, successors or assigns.

13. **RECORDING.**

Operator shall record this Agreement in the real estate records of the county in which the Lands are located.

14. **ENTIRE AGREEMENT.**

Except for that certain Letter Agreement of even date herewith between Owner and Operator, this Agreement contains the entire agreement between the Parties and may not be modified orally or in any other manner other than by written agreement signed by all Parties or their successors or assigns.

15. **LETTER AGREEMENT.**

The Owners and Extraction shall execute a confidential Letter Agreement, dated of even date herewith, containing the terms and conditions of the Compensation Amount arising under this Agreement.

16. **REASONABLE ACCOMMODATION.**

Owner acknowledges uses and operations upon the Lands by Operator under this Agreement are 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 uses and operations upon the Lands as provided herein constitute "Reasonable Accommodation" by Operator, its agents, consultants, successors and assigns as provided for under Colorado Revised Statute 34-60-127.

17. **ADVICE TO TENANTS.**

Owner agrees to contact any and all tenants of the Lands or any other third parties utilizing the surface of the Lands that may be affected by Operator's activities on the OGOA. It will be Owner's sole responsibility to advise such third parties of the existence of this Agreement.

18. **TERMINATION.**

This Agreement will terminate concurrently with the Leases as they relate to Operator's or its affiliates' rights to explore, drill, and produce oil, natural gas, and associated hydrocarbons from the Lands or lands pooled or unitized therewith. No act or failure to act on the part of the Operator shall be deemed to constitute an abandonment or surrender of this Agreement or of any part of it, except upon recordation by Operator of an instrument specifically terminating this Agreement. To the extent a moratorium or a restrictive governmental law, rule or regulation prevents a Party from performing the operations herein described, 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 any law, rule, or regulation governing Operator's operations.

19. **COUNTERPARTS.**

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

20. **GOVERNING LAW AND VENUE.**

This Agreement will be governed by, construed and enforced in accordance with the laws of Colorado. Venue shall be deemed to be in the county where the Lands are located.

21. **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.

22. **SUCCESSORS.**

This Agreement constitutes a 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 agents, consultants, affiliates, administrators, trustees, heirs, executors, successors or assigns.

23. **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.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement effective as of the day and year first written above.

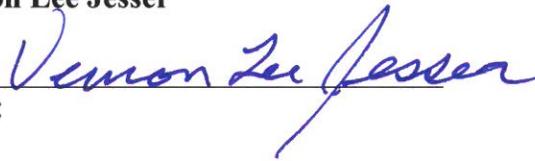
Operator:

Owner:

Extraction Oil and Gas, Inc.

Vernon Lee Jesser

By: 
Name: Sean Casper
Title: Agent

By: 
Name:

Mary Elizabeth Jesser

By: 
Name:

ACKNOWLEDGMENTS ON NEXT PAGE

ACKNOWLEDGMENTS

STATE OF Colorado)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me on this 13th day of April, 2017, by Vernon Lee Jesser and Mary Elizabeth Jesser.

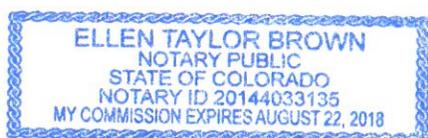
Witness my hand and official seal.

My commission expires: 8/22/18

ETB

Notary Public

(SEAL)



STATE OF COLORADO)
)ss.
COUNTY OF Denver)

The foregoing instrument was acknowledged before me on this 13th day of April, 2017, by Sean Casper acting as Agent for Extraction Oil and Gas, Inc.

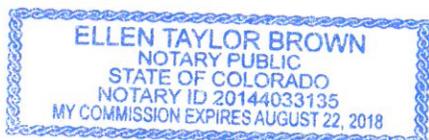
Witness my hand and official seal.

My commission expires: 8/22/18

ETB

Notary Public

(SEAL)





PROJECT: JESSER
 DRAWN BY: EKM
 CHECKED BY: JS
 DATE: 2017-04-06
 FILE NAME: Jesser v4.dwg
 SCALE: 1" = 200'

EXHIBIT A



EXTRACTION OIL & GAS, LLC
 370 17TH STREET, SUITE 5300
 DENVER, COLORADO 80202
 PHONE: (720) 557-8300