

MEMORANDUM OF SURFACE USE AGREEMENT

This Memorandum of Surface Use Agreement and Easement ("Memorandum") confirms and provides notice of that certain unrecorded Surface Use Agreement dated October 19, 2017 ("Surface Use Agreement") between Kings Co, LLC ("Surface Owner") and Petro Operating Company, LLC ("Operator").

1. Rights to Use Surface. Surface Owner owns the surface estate of the lands in Section 2, Township 1 South, Range 66 West, 6th P.M., Adams County, Colorado ("Property"). For ten dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Surface Owner confirms that it has granted and, subject to terms of the Surface Use Agreement, hereby grants to Operator the right to use the area 753 feet long and 375 feet wide, labeled in Exhibit A to this Memorandum as "Production Facility", "24 Well Heads" area and "Reclaimed Area" (collectively, "Surface Location"). If acceptable to both parties, the Surface Location may be expanded to include the 130 feet by 753 feet area labeled in Exhibit A as the "Expansion Area". Use of the Surface Location is granted only to the extent necessary to drill, construct, complete, produce, maintain, and operate oil and gas wells and all facilities associated therewith ("Oil and Gas Operations") on the Surface Location. Upon completion of all drilling and completion operations, Operator shall reduce the Surface Location to as small a dimension as reasonably practical for prudent operations. The parties anticipate that the area marked as "Reclaimed Area" will not be necessary for production operations. Surface Owner also grants Operator the right to use that portion of the subsurface of the Property necessary to drill and operate boreholes to produce oil or gas from the Wells.

2. Surface Easements. Outside of the Surface Location, Operator's access to the Surface Location and Operator's transport of electricity, oil, gas, water and other substances shall only be through roads, pipelines, gathering lines, flowlines, electric lines, telecommunications lines, and other lines and utilities ("Facilities") located in a utility corridor to be established by Surface Owner ("Right-of-Way Corridor"). Use of Facilities within the Right-of-Way Corridor shall be non-exclusive and granted pursuant to a separate agreement. Surface Owner shall design, construct, own and operate all Facilities within the Right-of-Way Corridor. Operator shall not have the right to access, occupy or use any portion of the surface of the Property except for Oil and Gas Operations on the Surface Location and non-exclusive use of the Right-of-Way Corridor pursuant to a separate agreement with Surface Owner. Operator's use of the Right-of-Way Corridor shall be solely for operations on the Surface Location.

3. Operations. Operator's operations on the Surface Location shall be conducted pursuant to the terms of the Surface Use Agreement, the rules and regulations of the Colorado Oil & Gas Conservation Commission, and applicable Colorado statutes and case law. Any drilling and completion operations and any subsequent major operations shall require ten (10) days prior notice to Surface Owner. Surface Owner shall construct roads, pipelines, power lines and other lines within Right-of-Way Corridor to the standards specified by Operator and in compliance with applicable health, safety and environmental standards. Surface Owner may construct any facility to higher standards or with greater capacity than specified by Operator, provided that Operator shall not be obligated to pay additional costs resulting from such higher standards or increased capacity. Costs of constructing, operating, maintaining and modifying roads, pipelines, power lines

and other lines within the Right-of-Way Corridor shall be shared proportionately by each party using such road, pipeline, power line or other line based upon usage. The cost of modifying or relocating any road, pipeline, power line or other line shall be paid by the party requesting such modification or relocation.

4. Additional Surface Use Provisions.

- a. Operator shall be responsible for segregating topsoil, backfilling, repacking, reseeding and recontouring the surface of any disturbed areas so as not to interfere with Surface Owner's use of the Property and shall reclaim such areas to be returned to pre-existing conditions as near as reasonably practical, including control of all noxious weeds. Operator shall provide Surface Owner with an as-built drawing showing the location of all flow lines, pipelines and power lines after their installation. All flow lines located by Operator on the Surface Location shall be buried at least four (4) feet below the surface. Operator shall install metal locator strips above all lines installed.
- b. If by reason of the activities of the Operator, including, but not limited to, drilling, completing, equipping, and operating of the well(s), there is damage to personal property or fixtures of Surface Owner, including, irrigation wells, fences, culverts, bridges, pipelines, ditches, or irrigation systems, and upon Surface Owner's notification to Operator, Operator shall repair or replace such items after consultation with and to the reasonable satisfaction of Surface Owner, which repair or replacement shall be completed by Operator within thirty (30) days after final consultation with Surface Owner. If not completed by Operator within thirty (30) days after final consultation with Surface Owner, then Surface Owner shall have the option but not the obligation to complete such repair or replacement at Operator's sole cost and expense. Surface Owner's failure to complete such repair or replacement shall not extinguish Operator's obligation to complete such repair or replacement.
- c. 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 oil and gas wells shall be removed and disposed away from the Property by Operator in compliance with applicable regulations no later than 30 days after the plugging of the wells. No such items shall be burned or buried on the Property by Operator.
- d. Operator shall keep the well pad free and clear of noxious weeds, debris and trash.
- e. During drilling and completion operations, at Surface Owner's request, Operator shall at its expense construct stock-tight fences around the well sites. Upon completion of drilling and completion operations, at Surface Owner's request, Operator shall, at its expense and after consultation with Surface Owner, construct and maintain permanent fencing around all wellheads, tanks and other surface facilities located on the Surface Location. All fencing shall be consistent in appearance and quality with surrounding fences and reasonable and customary fencing practices. Operator will install gates or cattle guards where necessary and after drilling and completion operations shall secure any access created by Operator to prevent access by the public to the Lands. Operator shall repair or replace damage to any fences or gates as soon as reasonably practicable.

- f. Operator shall provide Surface Owner with as-built surveys of all flow lines and pipelines on the Property. Subject to certain conditions as described herein, if Operator fails to use any flow line or pipeline on the Surface Location for a period in excess of five consecutive years, then Operator shall abandon such line in accordance with rules of the Colorado Oil and Gas Conservation Commission. Operator's right to use such line shall terminate and Operator shall execute and deliver to Surface Owner any releases necessary to provide notice of termination of Operator's right to use such line.
- g. Operator shall provide Surface Owner with results of any water quality or quantity tests conducted for or on behalf of Operator within one week after receiving such results. Surface Owner shall be entitled to conduct its own tests at its cost. Surface Owner shall provide results of Surface Owner's tests to Operator.

5. Waivers. Surface Owner hereby waives the minimum 30-day written notice requirement for operations to begin and any other and/or future notice or consultation requirements of the COGCC, including without limitation the provisions and allowed waivers under COGCC Rules 305 (except notices required by Rules 305.F(4), (5) and (6)) and 306. Additionally, Surface Owner hereby waives the Greater Wattenberg Area ("GWA") special well location, spacing and unit designation requirements of the COGCC, including without limitation the provisions and allowed waivers under COGCC Rules 318A.a, 318A.c and 603.a.(2). These GWA waivers are solely intended to minimize surface disturbance on Surface Owner's lands while fully complying with the terms of the Surface Use Agreement.

6. Notices. Notice by either Party shall be timely given in writing, with additional oral notice if possible, sent by (i) hand delivery, (ii) prepaid, certified U.S. Mail, return receipt requested, or (iii) overnight courier, addressed to the other Party as designated below; or to such other place as such Party may from time to time designate by written notice delivered in the way described in this paragraph to the other:

SURFACE OWNER:
Kings Co, LLC
Joel H. Farkas, Manager
9033 E. Easter Place, Suite 112
Centennial CO 80112
email: joelharkas@gmail.com

OPERATOR:
Petro Operating Company, LLC
Attn: Roger A. Parker
9033 E. Easter Place, Suite 112
Centennial, Colorado 80112-2105
e-mail: rogeraparker9@aol.com

Such notice shall be deemed received when actually received by the other Party, or one of its authorized representatives.

7. Assignment and Binding Effect. Surface Owner and Operator may assign their interests in the Surface Use Agreement to subsequent owners of their interests in the Property. The covenants and conditions herein contained and all of the provisions of the Surface Use Agreement shall inure to the benefit of and be binding upon the parties hereto, and their respective successors, affiliates, administrators, trustees, authorized representatives, executors and assigns. Surface Owner agrees to notify any and all tenants occupying the Property and any other third parties utilizing the surface

of the Property who may be affected by Operator's activities on the Surface Location. It shall be Surface Owner's sole responsibility to advise such third parties of the existence of the Surface Use Agreement and Operator's right to utilize the Surface Location; and payment of consideration, if any, which may be due any such third party from Surface Owner as a result of Operator's actions on the Surface Location under the Surface Use Agreement shall be the sole obligation of Surface Owner, and Surface Owner shall protect, defend and indemnify Operator from any and all claims and demands from such third parties as a result of Operator's actions under the Surface Use Agreement.

8. Surface Use Agreement. The Surface Use Agreement imposes additional restrictions, terms and conditions on Operator and on Oil and Gas Operations. Operator's rights as described in this Memorandum are subject to Operator's compliance with its obligations under the Surface Use Agreement. The Surface Use Agreement may be found in the files of Operator and Surface Owner. The Surface Use Agreement shall not be amended by terms of this Memorandum. In the event of any conflict between terms and provisions of this Memorandum and terms of the Surface Use Agreement, terms of the Surface Use Agreement shall control.

9. Term. This Agreement shall remain in effect for a period of one year and so long thereafter as oil or gas is produced or capable of being produced from the wells located on the Surface Location. All rights to and obligations regarding indemnification and requirements for plugging and abandonment, removal of pipelines, equipment and facilities, restoration of the Surface Location, reclamation and provisions relating thereto shall survive termination of the Surface Use Agreement.

10. Counterparts. The Surface Use Agreement shall be binding if properly signed and fully executed and sent by facsimile or e-mail transmitted to the other parties. Without affecting the validity of the foregoing manner of execution, the parties agree to follow-up such facsimile or e-mail executions with standard paper originals signed by the parties as soon as may be practical.

11. Governing Law and Venue. The Surface Use Agreement and this Memorandum shall be governed by, construed and enforced in accordance with the laws of the state of Colorado. Adams County, Colorado, shall be the forum for resolution of all disputes under this Agreement.

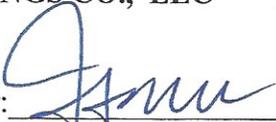
12. Force Majeure. The passage of any deadline or time relevant under this instrument shall be deemed tolled, and nonperformance of any required obligation that Operator may have under this instrument shall be excused without penalty to Operator as to any time period, in which Operator is prevented or hindered from performing due to any governmental action or inaction, and any force majeure which shall include without limitation any act, circumstance, event or condition beyond the control of Operator which shall include without limitation any act, warning or threat of terrorism, war, revolution, rebellion, insurrection, riot, civil commotion, blockade, embargo, shortage of necessary expertise, and shortage or lack of transportation and delivery of necessary tools, equipment, material and supplies due to market conditions, act or restraint of government, strike, lockout, picketing, boycott, or damage by earthquake, fire, hurricane, tornado, flood, wind, storm, temperature extreme or other weather instability, disaster or condition, or by reason of any other circumstance or combination of same beyond Operator's control, except payment of money or the inability to pay.

13. Attorney's Fees and Costs. Surface Owner and Operator agree that in any action, claim or controversy resulting from a claimed breach of the Surface Use Agreement, each party shall bears its own costs, expenses and attorney fees.

14. Authority of Signatories. The signatories below declare, warrant and represent that they have the authority to enter into the Surface Use Agreement and this Memorandum on behalf of their respective principals, if any.

IN WITNESS WHEREOF, this Memorandum has been executed on the dates indicated below by the undersigned.

SURFACE OWNER
KINGS CO., LLC

By: 
Joel H. Farkas, Manager
email: joelharkas@gmail.com

Date: October 18, 2017

OPERATOR
PETRO OPERATING COMPANY, LLC

By: 
Erin Parker, Manager
e-mail: rogeraparker9@aol.com

Date: October 19, 2017

ACKNOWLEDGMENTS

STATE OF COLORADO)
) ss.
COUNTY OF Arapahoe)

The foregoing instrument was acknowledged before me on October 18, 2017 by Joel H. Farkas as Manager of Kings Co, LLC, on behalf of the company.

Witness my hand and official seal.

Toni Serra
Notary Public

My commission expires: 01-27-2021



STATE OF COLORADO)
) ss.
COUNTY OF Arapahoe)

The foregoing instrument was acknowledged before me on October 19th, 2017 by Erin Parker as Manager of Petro Operating Company, LLC, on behalf of the company.

Witness my hand and official seal.

Toni Serra
Notary Public

My commission expires:
01-27-2021

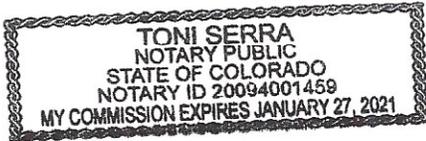


EXHIBIT A
TO
MEMORANDUM OF SURFACE USE AGREEMENT

EXHIBIT A

BRIGHTON EAST FARMS WELL PAD LOCATION
R.28.17

