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ASET LLC 17204843730

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SURFACE USE AGREEMENT

This Surface Use Agreement ("Agreement") is dated October 2, 2018 ("Effective Date"), by and between Raylene Thompson, whose address is 33908 County Rd 2 V, ("Owner") and Grand Mesa Operating Company, a Kansas corporation whose address is 1700 N. Hugo, CO 80821, Waterfront Parkway, Bldg. 600, Wichita, KS 67206-5514 ("Company").

RECITALS

(A) Owner owns the surface estate of the lands located in Section 5, Township 11 South, Range 54 West, 6th P.M., Lincoln County, Colorado ("Lands"):

(B) Owner's interest in the Lands is subject to one or more oil and gas lease(s) covering the Lands, all or portions of which are owned by Company, and which grant Company the right to access, use, and conduct operations on the Lands.

(C) Notwithstanding the rights of Company under the oil and gas lease(s), in the spirit of joint cooperation Owner and Company desire to reach an understanding and agreement regarding Company's surface access, use, and disturbance to the Lands.

AGREEMENT

In consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and Company agree as follows:

1. Grant of Access. Owner hereby grants and conveys to Company the right of access on and across the Lands and the right to use the surface and subsurface of the Lands to explore, develop, produce, transport, and market oil, gas, and associated hydrocarbons from wells located on the Lands.

2. Compensation. For the privileges granted in this Agreement, Company agrees to pay the following sums to Owner:

(a) Drill Site Locations. Prior to commencement of drilling operations, Company shall pay Owner a one-time payment of \$15,000 for a well site covering up to five (5) acres in area (the "Drill Site Location") constructed on Lands comprised of dryland pasture land, to be used by Company for its exploration, drilling (whether vertical or horizontal wells), completion, deepening, hydraulic fracturing, recompletion, reworking, equipping and production operations for the first well drilled on the Drill Site Location. Said payment shall constitute payment in full for all surface damages and/or crop loss associated with the Drill Site Location and the first well drilled on it. It is understood and agreed that Company shall have the right to locate more than one wellbore on any Drill Site Location. The company shall pay \$15,000 for the second well and each additional well drilled on the Drill Site Location.

(b) This Agreement does not grant any right to construct or operate any well or disposal or drilling fluids or produced water, whether from Company's well or the wells of any third party. This Agreement does not grant Company the right to locate any trash collection facilities on the Drill Site Location. Except for any additional compensation paid to Owner pursuant to Section 6(d), Owner agrees that the compensation paid to owner pursuant to this Section 2 constitutes full payment for the rights herein granted and all reasonable and necessary surface damages that may occur as a result of Company's operations on the Lands. In the event Company elects not to construct any Drill Site Location, Line, or Access Road on the Lands, no compensation pursuant to this Section 2 shall be paid to Owner.

3. Road Easement for Access Roads.

(a) Grant. Owner grants to Company a non-exclusive access easement ("Road Easement") on the Lands for the Access Roads solely for the purpose of ingress and egress to the Drill Site Location by Company and its employees, contractors, sub-contractors, agents, and business invitees as needed to conduct oil and gas operations as described in this Agreement. The Road Easement shall be thirty (30) feet in width, being fifteen (15) feet on each side of the centerline.

(b) Construction. Access Roads will be limited to thirty (30) feet in width. Culverts shall be installed at ditch and drainage crossings where roads cross such ditches or drainages, and shall be sized to prevent obstruction to the free flow of the volumes of water being carried, inclusive of flood stages. Company shall protect all water sources and conveyance structures, including but not limited to the natural flow of creeks, wells, and ditches, from all operational activities and shall immediately remedy any diversion, curtailment, or blockage of water flows or contamination of water sources caused by Company's operations on the Lands.

(c) Existing Roads. Should Company damage any existing roads, fences or gates, Company shall immediately repair the same to Owner's reasonable specifications at Company's own expense.

(d) Cattle Guards, Gates and Fences. Upon Owner's written request, the Company shall construct cattle guards at all places where Company requires access through Owner's fences. Permanent gates shall be installed at each point where an Access Road intersects perimeter or cross fences. If Owner or Company chooses to lock any gate on an Access Road or an existing road being used by Company, keys shall immediately be provided to the other party.

(e) No Public Use. The use and construction of any Access Roads shall not include a right of use by the public. Owner reserves the right to use all Access Roads for any purpose that does not unreasonably interfere with Company's operations.

(f) Maintenance. Company shall be responsible for maintaining all Access Roads and any existing roads utilized by Company, at Company's sole cost and expense, provided however, that Company may seek contribution for construction and maintenance costs from any third party, in the event Owner grants such third party an easement or right of way covering, or otherwise authorizes such third party to use, any Access Road or existing road.

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4. Easement for Lines.

(a) Grant. Owner grants to Company, its agents, employees, contractors, and subcontractors, a non-exclusive easement ("Line Easement"), thirty (30) feet in width across the Lands to construct, maintain, inspect, and operate Lines solely for the purpose of transporting oil, gas, other hydrocarbons, fresh water, produced water, or electricity to or from the Lands.

(b) Lines. All pipelines will be buried a minimum of forty eight (48) inches below the surface and Company shall use its best efforts to place all pipelines in the same trench and along and adjacent to existing roads and/or Access Roads. Company may install as many Lines in a trench as are necessary to transport substances produced from the Lands. The Lands disturbed during installation and maintenance of the Lines will be limited to eighty (80) feet in width, reverting to thirty (30) feet in width upon completion of installation or maintenance operations.

5. [Reserved]

6. General Operational Requirements.

(a) The Company shall use its best efforts to minimize disturbance to the

(b) Topsoil. In all operations conducted by Company on the Lands requiring the removal of soil, the topsoil will be separated from the subsurface soil and following the completion of operations, Company will place the topsoil and subsurface soil back in proper order and restore the surface of the Lands to its original condition and contour as nearly as practicable.

(c) Reclamation. Upon completion of a well or wells, the Company shall undertake interim reclamation on that wellsite in compliance with Colorado Oil and Gas Conservation Commission rules. Upon abandonment of a well or wells, the Company shall undertake final reclamation of such site in accordance with Colorado Oil and Gas Conservation Commission rules. The Company shall continue reclamation work until a stable community of grasses and other vegetation is fully re-established on all areas of the Lands that Company has disturbed.

(d) Damage to Lands. If, by reasons directly resulting from the operations of Company, there is damage to real or personal property upon the Lands, including, but not limited to, damage to livestock, structures, buildings, fences, culverts, cement ditches, water supply lines (whether located underground or on the surface), irrigation systems, and natural water ways, the damage will be repaired or replaced by Company, or Company shall pay reasonable compensation to Owner for the damage or an amount equal to the reasonable costs to repair the damage.

(e) Protection of Livestock. The Company shall install such fences, gates, and cattle guards as are necessary and sufficient to ensure that livestock do not get into mud pits, slush pits, blowoff pits, surface production facilities, or drilling or completion machinery. The

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obligation to prevent livestock from accessing wells or ancillary facilities shall continue for the entire period during which Company is producing any hydrocarbons on the Lands.

(f) Water Testing. Company shall test Owner's ~~domestic water supply~~ water wells listed in the attached Exhibit [] and located on the Lands prior to commencement of, and following, construction operations for any ~~a Disposal Well~~ in order to ensure that said water supply is not adversely affected by Company's operations. The obligation to test wells shall apply to any permitted water well listed on Exhibit B under the following circumstances. When Lessee submits an application for permit to drill ("APD") to the Colorado Oil and Gas Conservation Commission to drill a well on the Leased Premises, Lessee shall become obligated to conduct water testing on any permitted water well located within two thousand five hundred (2500) feet of the location described on such APD, before Lessee may commence location work on the well for which such APD is submitted. In the event it is determined by Company that Company's operations on the Disposal Well have had a direct adverse effect on one or more of Owner's water wells, then Company, at its own expense, shall use its best efforts to return said water supply to pre-drilling conditions or replace same with a dependable source of potable water. Company shall have the right, but not the obligation, to test Owner's well water or other surface water located on the Lands prior to commencement of construction operations for any Drill Site Location, Line or Access Road to be used on the Lands or Outside Lands.

7. No Firearms. Company's employees, agents, contractors and/or other parties entering upon the Lands on Company's behalf shall not have firearms, archery equipment or trapping equipment in their possession on the Lands. Violation of this prohibition shall result in a \$1000 penalty for each day in which a violation occurs, payable to Lessors. Lessee shall pay such fine to Lessors and may seek recovery from the individual or individuals committing such violation.

8. No Fishing or Hunting. Company's employees, agents, contractors and/or other parties entering upon the Lands on Company's behalf shall not hunt or fish on, or bring dogs onto the Lands. Violation of this prohibition shall result in a \$1000 penalty for each day in which a violation occurs, payable to Lessors. Lessee shall pay such fine to Lessors and may seek recovery from the individual or individuals committing such violation.

9. Drugs/Alcohol. The use of drugs and/or alcohol while on the Lands by employees, agents, contractors and/or other parties entering upon the Lands on Company's behalf is strictly forbidden. Violation of this prohibition shall result in a \$1000 penalty for each day in which a violation occurs, payable to Lessors. Lessee shall pay such fine to Lessors and may seek recovery from the individual or individuals committing such violation.

10. Nonexclusive Use. The rights of Company to use the Lands are nonexclusive, and Owner reserves the right to grant successive easements on or across the Lands on such terms and conditions as Owner deems necessary or advisable, provided they do not unreasonably interfere with the operations of Company.

11. Default and Termination. In the event of the failure by Company to timely make any payment required under this Agreement or to otherwise comply with any term of this

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Agreement, Owner shall notify Company in writing of the failure. Company shall have thirty (30) days after receipt of the notice to completely cure the default. Owner's failure to pursue any remedy for any particular default shall not act as a waiver of Owner's rights to pursue any other remedy for that default. The receipt and acceptance of any rent, payment, compensation, or royalty by Owner from Company shall not be construed as a waiver of any breach, default, or violation of this Agreement, or any oil and gas lease, whether the breach, default, or violation is known or unknown at the time of acceptance of payment by Owner. Company may make any disputed payment under protest with reservation of all rights.

12. Authority. Owner represents and warrants that Owner has the right, power, and authority to enter into this Agreement. Owner further represents that Owner is lawfully entitled to receive payments due under this Agreement and that Owner is unaware of any liens, judgments or other encumbrances pursuant to which third parties claim, may claim, or are entitled to such payments and Owner agrees to release, defend, and hold Company harmless for any breach of these representations.

13. Term. Rights granted by this Agreement shall continue in full force and effect until Company's leasehold estate covering the Lands expires or is terminated, Company ceases operations on the Lands under the terms granted herein, or Company has plugged and abandoned the well(s) and conducted all reclamation in accordance with this Agreement and applicable state rules and regulations, whichever is later. Notwithstanding the foregoing, the release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement.

14. Indemnification. Company shall hold Owner harmless from all claims, actions, causes of action, expenses, and costs of every kind and character, including reasonable attorneys fees for all damages or injuries of any kind to persons or property arising out of the conduct of its officers, employees, agents, contractors, invitees, and guests with respect to Company's operations on the Lands, except those claims resulting from the negligence or willful misconduct of Owner, or invitee or guest of Owner. Owner shall hold Company harmless from all claims, actions, causes of action, expenses, and costs of every kind and character, including reasonable attorneys fees, for all damages or injuries of any kind to persons or property arising out of the conduct of Owner, its invitees, and guests on the Lands, except those claims resulting from the negligence or willful misconduct of Company, its officers, employees, agents, contractors, invitees, and guests.

15. Mutual Consent for Location. Company shall exercise its rights and use the surface of the Lands in such a manner, and to locate any Drill Site Location, Line, or Access Road, which it has the right to locate on the Lands, so as to minimize interference with the use of the surface of the Lands for farming purposes on cultivated land, and for ranching purposes on uncultivated land. Lessee shall consult with the Owner regarding the location of any Drill Site Location, Line, Access Road, and, to the extent reasonably and economically feasible, to locate them at locations agreed to by the Owner.

16. Seismic Work. Company, its employees, contractors, and agents, may conduct seismic exploration activities on pasture lands only during the months of November through March, inclusive, unless they obtain express written consent from Lessors to conduct such

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activities outside those months. Seismic work on the Lands will require the payment of additional compensation for surface damage.

17. Miscellaneous.

(a) Definitions. The use of the terms "Owner" and "Company" in this Agreement shall be deemed to mean such party and its agents, employees, assigns, directors, managers, or successors in interest.

(b) Notice. All notices required by this Agreement shall be in writing and shall be served personally or by first-class mail, postage prepaid to the following:

If to Owner

[33908 Court Rd 2 V]
[Hugo, CO 80821]
Phone: [719 743 2216]

If to Company:

Grand Mesa Operating Company
1700 N. Waterfront Parkway, Building 600
Wichita, KS 87206-5514
Phone: []
Attention:

(c) Covenant Running with the Land. This Agreement is a covenant running with the land and the terms, conditions and provisions of this Agreement shall extend to and be binding upon the parties to this Agreement, their heirs, executors, administrators, successors, and assigns. This Agreement may be assigned in whole or in part by either party. In the event of an assignment, the assigning party shall give notice of the intent to assign not less than 30 days in advance of the effective date of the intended assignment.

(d) Full Agreement. This Agreement, and the oil and gas lease covering the Lands, in the event the Owner owns a mineral interest in the Lands, supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of Owner and Company pertaining to the subject matters of this Agreement. No supplement, amendment, or alteration or modification of this Agreement shall be binding unless executed in writing by Owner and Company.

(e) Governing Law. This Agreement shall be interpreted according to the laws of the State of Colorado without regards to its conflict of laws principles.

(f) Confidentiality; Memorandum of Agreement. Owner shall keep confidential this Agreement and shall not disclose the terms of this Agreement to any third party unless required to do so by law. Notwithstanding the foregoing, Owner shall provide a copy of

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this Agreement to any potential purchaser or transferee prior to the sale or transfer of all or any portion of the Lands. Owner authorizes Company, without the joinder of Owner, to record in the county in which the Lands are located a Memorandum of Surface Use Agreement providing notice to the public of the existence of this Agreement.

(g) Cooperation. Owner agrees that it will cooperate with Company in satisfying necessary permitting requirements.

(h) Storage. Owner agrees not to store any personal property or material of any kind, including but not limited to vehicles, farm equipment, hay or other crops, on any Drill Site Location.

(i) Statutory/Regulatory Compliance. This Agreement shall be deemed to satisfy all local, state, and federal statutory and regulatory surface owner notice, consultation and accommodation requirements, including but not limited to, the notice and consultation requirements of Colorado Oil and Gas Conservation Commission Rules 305 and 306, and the obligation to reasonably accommodate Owner's use of the Lands under Colo. Rev. Stat. § 34-60-127.

(j) Counterparts. This Agreement may be executed by in any number of counterparts, each which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument.

[signature page follows]

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COMPANY

GRAND MESA OPERATING COMPANY

By:

Michael J. Reilly

Its:

President

OWNER

RAYLEENE THOMPSON

By:

Its:

Raylene Thompson