

## **SURFACE USE AGREEMENT**

THIS SURFACE USE AGREEMENT ("Agreement") is entered into by and between Lyndy Lou Stephens ("Owner"), whose address is 1076 S935 Road, Eldorado Springs, Missouri 64744 the owner of the surface estate described below (the "Property"), and PDC Energy, Inc. ("Company"), whose address is 1775 Sherman Street, Suite 3000, Denver, CO 80203 (individually a "Party," together "the Parties") with respect to the following described lands:

**Legal Location:**      Township 1 South, Range 67 West, of the 6<sup>th</sup> P.M.  
Section 6: NW ¼, Corcilius Lot 4  
Tax Parcel Number 0157106001004  
Adams County, Colorado

**Well Name:**              Corcilius 6M-343

### **RECITALS**

WHEREAS, Company owns the leasehold right to access the Property and use so much of the surface as is reasonably necessary to explore for and produce oil and gas from the leased premises; and,

WHEREAS, Company and Owner desire to enter into this Agreement as a supplement to, but not in derogation of, Company's leasehold rights, including the right to drill future wells in addition to any well enumerated herein;

NOW THEREFORE, in consideration of              cash in-hand, and other good and valuable consideration, including Company's agreement to pay the additional nonrefundable sum of              upon the signing of this Agreement, which represents payment for the Well and as the mutual promises and covenants contained herein, the receipt and sufficiency of which is hereby acknowledged:

### **RELEASE & CONVEYANCE**

Except as provided below in Additional Covenants 2, 3 and 7, Owner hereby releases and discharges Company, its agents, employees, contractors and licensees from and against any and all claims by Owner for damages, of whatsoever nature and character, including, but not limited to, diminution in value of the Property, arising from, incident to, or in connection with Company's customary oil and gas operations ("the Operations") on the Property, so long as such Operations are conducted in accordance with this Agreement.

AND,

Owner hereby grants, demises and conveys such easements and rights-of-way on and across the Property, as depicted on Exhibit A. Company shall have the right to drill and operate one well ("Well") and any associated access roads, electric lines, transformers, production facilities, pipelines, temporary waterlines and Modular Large Volume Storage Tanks ("MLVTs"), and to conduct its Operations anywhere within the Oil and Gas Operations Area ("OGOA") and easements shown on Exhibit A, attached hereto and incorporated herein, including directional and horizontal wells that produce from and drain lands other than the Property, provided such lands are validly pooled with all or any portion of the lands included in Company's oil and gas lease covering the Property.

### **ADDITIONAL COVENANTS**

*The Parties agree that the Recitals above are integral to this Agreement and as such are expressly incorporated in these Covenants by reference as if fully set forth herein.*

1. Company may exercise its rights hereunder for all purposes convenient for Company to perform the Operations, including the right of unimpeded ingress and egress on the designated rights-of-way to access the OGOA, to install and operate production facilities and pipelines, and to install other associated equipment and facilities within the OGOA, including, but not limited to, MLVTs. Company may assign or delegate to a third party the right to install and operate pipelines in order to connect the Wells to a gas or liquids gathering system. Owner shall be entitled to additional compensation for all pipeline easements that are located outside the Permanent OGOA. Company may also assign or delegate to a third party the right to install and dismantle MLVTs. The access easements granted herein shall be non-exclusive and capable of use by Owner, so long as such use does not interfere with or impair the Operations, and with the permission of Company, which permission shall not be unreasonably withheld. The Parties further agree that if Owner's use of the access easements interferes or impairs the Operations, such interference shall be deemed immediate, real and irreparable harm and may require injunctive relief and the Parties further stipulate that money damages will not fully and adequately address the harm.

After drilling and completion of the Well, as provided for herein, Company agrees to limit all Operations to the Permanent OGOA, as depicted on page 2 of Exhibit A, and relinquishes all rights to use the remainder of the surface of the Property.

2. Company shall promptly repair, or compensate Owner for damage to personal property or to improvements on the Property, such as damage to buildings, fences, gates, culverts and livestock, as well as any other such extraordinary losses or damages caused by Company. Any failure to reach mutual agreement with respect to such repair or compensation shall not, however, be deemed to constitute a breach or abrogation of this Agreement, nor to terminate or diminish the grants, conveyances, rights and obligations contained herein.

3. Company hereby agrees to release, discharge, indemnify and hold Owner harmless from and against any and all third party claims, losses, liability, damages, and causes of action for personal injury or property damage arising out of Company's Operations, unless, and to the extent



that, Owner's negligence causes or contributes to such third party claims. This indemnification extends to any action by a government agency with jurisdiction over the Operations under an environmental law or regulation.

4. Owner has requested that all consultation be conducted directly with Owner. Accordingly, Owner shall have the responsibility of notifying any affected tenant, lessee or other party who may own or have an interest in any crops or surface improvements which could be affected by the Operations. Owner agrees that all damages claimed by a surface tenant, lessee or other such party resulting from the Operations shall be settled by Owner, and Owner hereby agrees to release, discharge, indemnify and hold Company harmless from and against any such settled claims.

5. Company has the exclusive use of the Temporary OGOA during the drilling of the Well and agrees to provide provisional fencing around the Temporary OGOA to fence out the horses and other animals. Reclamation of the Temporary OGOA shall commence as soon as practicable after drilling and completion activities are concluded and shall be completed in a reasonable time after recognizing the practical limitations of weather and season. The OGOA shall be restored as close as reasonably practicable to their condition when Company first commenced operations on them and shall include grading disturbed areas, and seeding or replanting. The areas to be reclaimed include the pipeline surface disturbance areas and the Well pad surface areas inside the OOA. All mitigation and reclamation activities by Company will conform to applicable laws, rules and regulations.

Company agrees to perform all reclamation in accordance with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC"), unless a variance is granted by the COGCC upon the request of Owner. Company shall endeavor to keep the OGOA and the pipeline and access easements free of weeds and debris and to control erosion.

6. Owner acknowledges that this notice complies with, or hereby waives, all COGCC requirements that it be given advance notice by Company of the proposed Operations. Owner acknowledges receiving from Company a brochure prepared by the COGCC which describes the rights and responsibilities of Owner as a surface owner.

7. Company shall construct its roads and pipelines within the access easements shown on Exhibit A, and otherwise confine its Operations to the OGOA, except in the event of an emergency, or for reasonable incidental and temporary activities, and Company shall be responsible for any physical damage to the Property that may be caused by such emergency or temporary activities. Company upon Owner's request shall install/plant two (2) to three (3) large Ponderosa pine trees no less than twelve feet (12') tall and no more than fifteen feet (15') tall along the north boundary of the facility/battery site. Once installed/planted Company will have no future responsibility for the maintenance of the trees, such as watering or fertilizing. Company upon Owner's request shall install a six foot (6') chain link (security) fence and gates around the well heads and facility/battery site, this fencing shall be installed to meet all of the City of Brighton's safety requirements. Company upon Owner's request shall install or replace any barbed or smooth wire fencing and gates on the Owner's west property line and the Owner's south property line.

**8. Owner acknowledges and agrees that Company has consulted in good faith with Owner as to its proposed Operations, in accordance with COGCC requirements, or**

**hereby waives such requirements. Owner expressly waives the application of any COGCC setbacks inconsistent with this Agreement.**

(a) Company will provide Owner with the COGCC Form 2A ("Oil and Gas Location Assessment") for the OGOA when submitted to the COGCC, and Company undertakes to ensure that said Form 2A accurately reflects the provisions of this Agreement.

(b) Owner agrees not to object to the Form 2A, so long as it is consistent with this Agreement, and 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, or to appeal the approval and issuance of the Form 2A, and any related Form 2 ("Application for Permit to Drill").

(c) Owner shall not oppose Company in any COGCC or other governmental proceedings related to Company's Operations, including, but not limited to, permitting, formation of drilling units, well spacing, pooling, drilling, completion, stimulation, re-stimulation, workovers, deepening and recompleting, provided that Company's position in such proceedings is consistent with this Agreement.

**9. Owner expressly acknowledges and agrees that this Agreement shall be deemed to be specifically applicable to, and to fully satisfy, the obligation of Company to reasonably accommodate Owner's use of the surface of the Property, existing or future, and waives any statutory or common law claim to the contrary.**

10. Owner agrees to include a note on any annexation, subdivision plat, planned unit development or other land use designation for which Owner may apply to put successors or assigns on notice that the Property is subject to this Agreement. Owner agrees that Company may also record this Agreement or Memorandum of this Agreement, redacted as to any compensation amount. In all other respects, however, the Parties shall hold the provisions of the Agreement in confidence.

11. This Agreement shall permit the installation, operation and dismantling of MLVTs within the OGOA. Such installation, operation and dismantling shall comply with any applicable requirements as set forth by the COGCC. It is hereby agreed to and understood by the Parties that Company's utilization of MLVTs within the OGOA shall be at the discretion of Company.

12. In construing this Agreement, no consideration shall be given to the fact or presumption that one Party has had a greater or lesser hand in drafting this Agreement than the other Party.

13. This Agreement shall be subject to, and construed under, the laws of the State of Colorado, and the County of Adams, without regard to its conflict of law provisions, and jurisdiction and venue shall be solely in the courts of the State of Colorado, subject to the right of either Party to remove a matter to federal court.



14. Each of the undersigned principals of the Parties represents and warrants that such person has the requisite corporate or legal authority to bind the respective Parties to this Agreement.

15. Company may, at its discretion, change the well name of any well drilled upon the Property in accordance with the rules and regulations of the COGCC. Company may provide Owner with a Sundry Notice regarding any well name change. Once Owner is provided with a Sundry Notice, the well name provision contained herein shall be considered amended in accordance with the revised well name. Any final determination of well names may be found at the records of the COGCC.

16. Concerning any matter relating to the Operations, Owner may contact:

Operator:	PDC Energy, Inc.
Person to Contact:	Paul Row
Address:	3801 Carson Avenue Evans, CO 80620
Phone Number:	970-506-9272
Fax:	970-506-9276
Email Address:	paul.row@pdce.com

**Toll Free 24-Hour Emergency Phone Number: 1-877-350-0169**

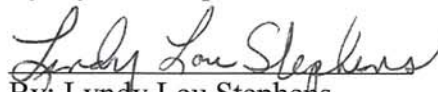
17. This Agreement shall extend to, bind and inure to the benefit of, Owner and Company, and their respective heirs, personal representatives, successors and assigns. The rights and obligations contained herein shall constitute covenants running with the Property.

18. This Agreement shall become effective upon execution, which may be by counterparts, each of which shall constitute one and the same document, and shall remain in full force and effect until Company's leasehold estate expires or is terminated, and Company has plugged and abandoned the Wells and conducted reclamation in accordance with applicable COGCC rules and regulations, except that any release, discharge or indemnity from and against liability contained herein shall survive the expiration of this Agreement. An electronic copy of a Party's original signature shall be considered valid, binding and enforceable.

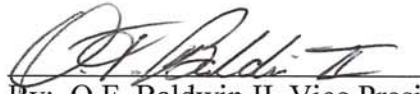
IN WITNESS WHEREOF, the Parties have executed this Agreement this day of February 2-25, 2015

**OWNER:**

Lyndy Lou Stephens

  
By: Lyndy Lou Stephens

**COMPANY:**  
PDC Energy, Inc.

A handwritten signature in black ink, appearing to read "O.F. Baldwin II", written over a horizontal line.

By: O.F. Baldwin II, Vice President Land

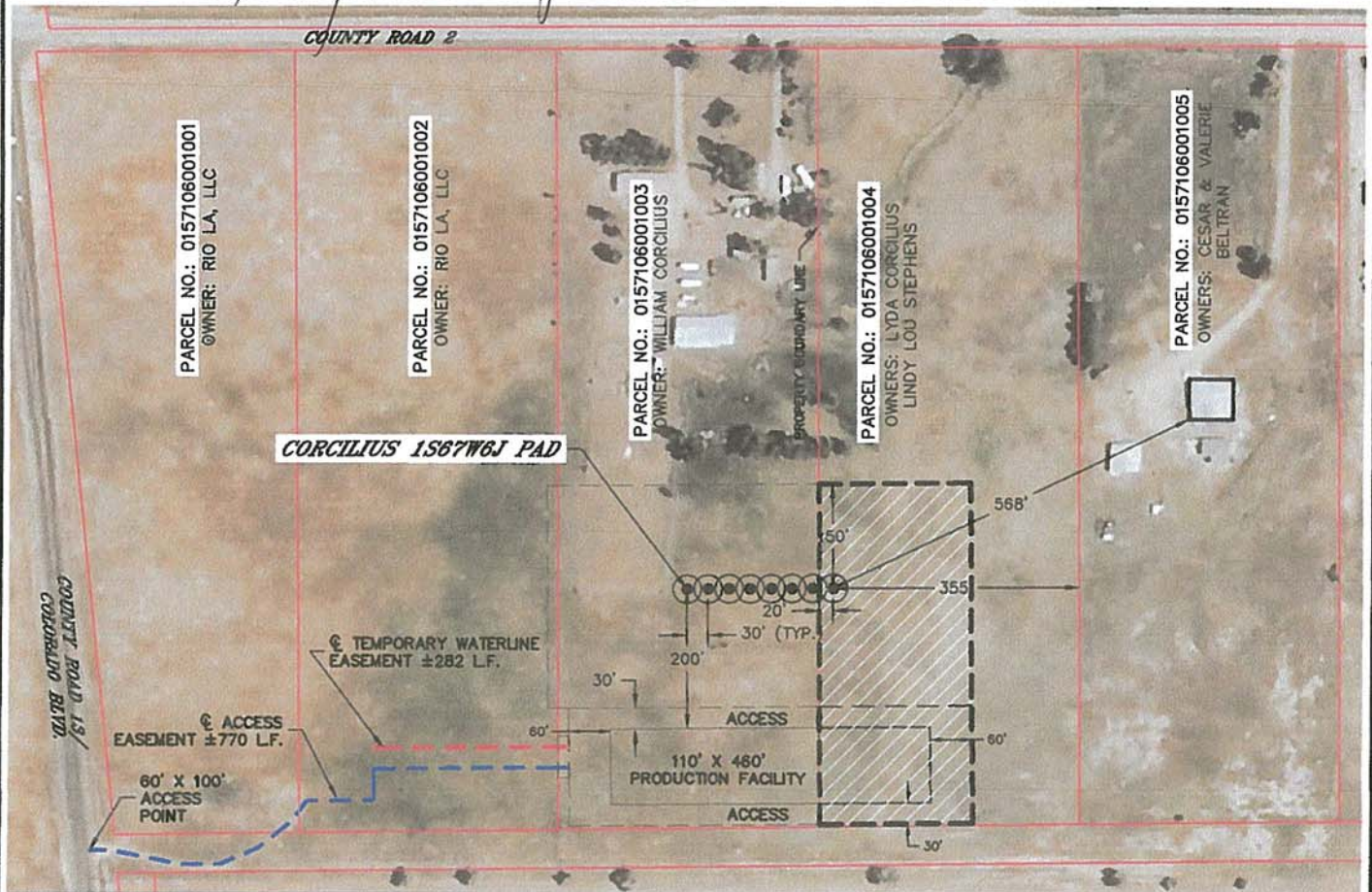
## EXHIBIT "A" Page 1 of 2

This Exhibit "A" is attached and made a part of that certain Surface Use Agreement by and between Lindy Lou Stephens, Owner and PDC Energy, Inc., Company. Covering the following lands:





Township 1 South, Range 67 West, 6th P.M.  
Section 6: NW1/4  
Adams County, Colorado

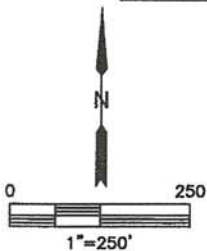
Lindy Lou Stephens

BY: Lindy Lou Stephens DATE: 3-17-15



### LEGEND

-  OIL AND GAS OPERATIONS AREA ("OGOA") PARCEL NO.: 0157106001004 = 2.5 ACRES
-  APPROXIMATE ACCESS EASEMENT
-  APPROXIMATE TEMPORARY ACCESS EASEMENT
-  APPROXIMATE TEMPORARY WATERLINE EASEMENT



DATE: 01/26/2015  
PROJECT#: 2014158



# EXHIBIT "A" Page 2 of 2

This Exhibit "A" is attached and made a part of that certain Surface Use Agreement by and between Lindy Lou Stephens, Owner and PDC Energy, Inc., Company. Covering the following lands:

Township 1 South, Range 67 West, 6th P.M.  
Section 6: NW1/4  
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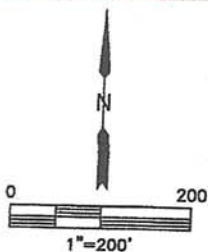
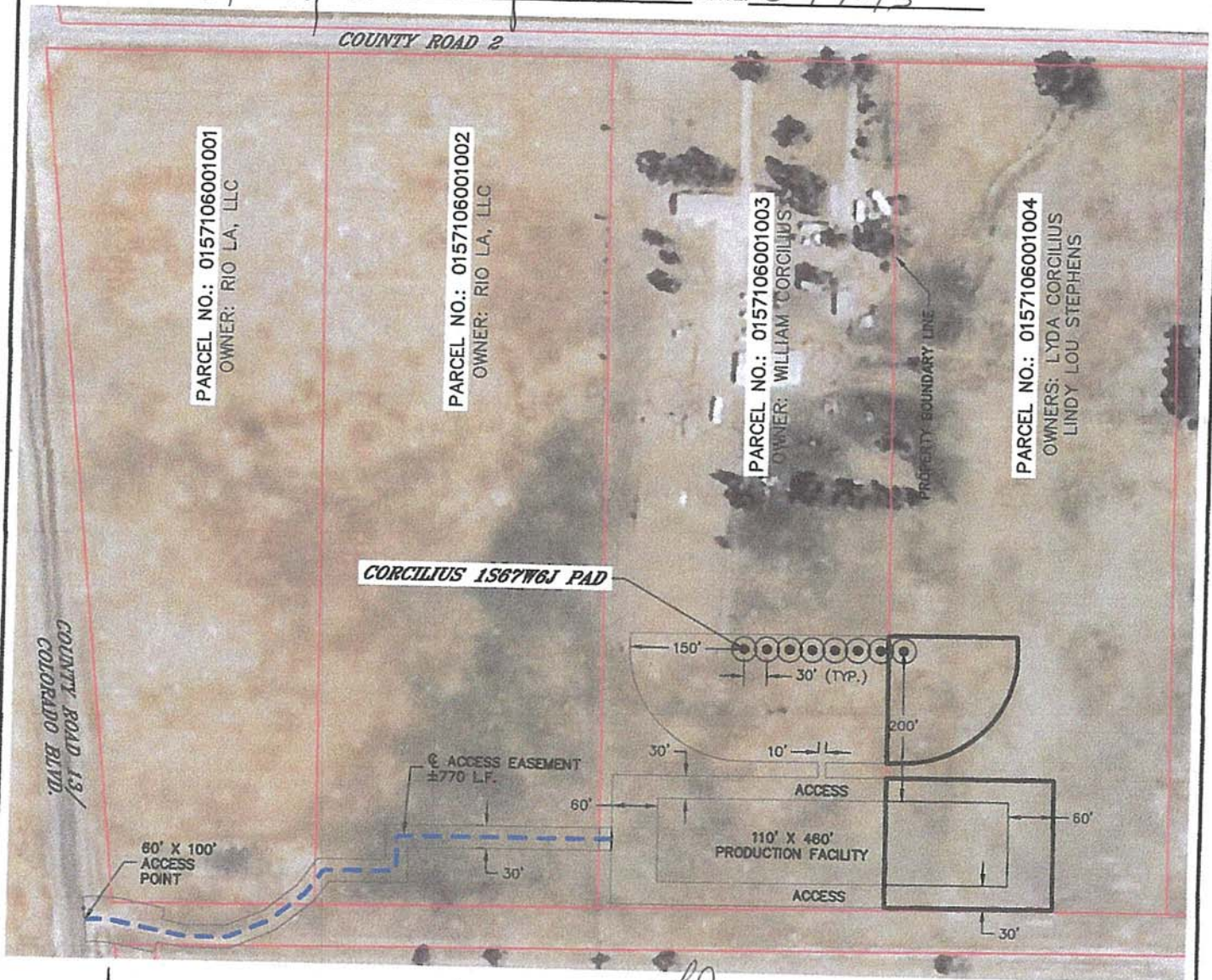
Lindy Lou Stephens

BY:

*Lindy Lou Stephens*

DATE:

*3-17-15*



DATE: 01/26/2015  
PROJECT#: 2014158