

## MEMORANDUM OF SURFACE USE AND EASEMENT AGREEMENT

This Memorandum of Surface Use Agreement and Easement ("Memorandum") confirms and provides notice of that certain unrecorded Surface Use Agreement of even date herewith ("Surface Use Agreement") between Second Creek Development, LLC, 9033 E. Easter Place, Suite 112, Centennial, Colorado 80112 ("Surface Owner") and Petro Operating Company, LLC, 915 West Lehigh Avenue, Englewood, Colorado 80150 ("Operator").

1. Rights to Use Surface. Surface Owner owns the surface estate of the lands described in the Final Plat of the Homestead Subdivision, recorded February 26, 2004 at Reception No. 3157153 of the records of Weld 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 areas labeled as "Oil and Gas Location" and "Access" in Exhibit A or "Proposed Oil and Gas Location" and "Proposed Access Road" in Exhibit B to this Memorandum ("Operations Area") for the sole purpose of exploring, drilling, completing, re-completing, deepening, reworking, maintaining and plugging and abandoning oil and gas wells, producing oil and gas, laying pipelines and building facilities on the Property to explore for, produce, save, treat, process, store and transport oil and gas and other products produced with or derived from oil and gas produced from the Property and from other lands, including the right to install on the Operations Area tank batteries, compressor stations, central production facilities, modular large volume water tanks and other facilities used in connection with Operator's activities ("Oil and Gas Operations"). Surface Owner shall fully support Operator's efforts to permit such facilities, including granting consent to locate any well greater than fifty (50) feet from an existing well pursuant to Colorado Oil and Gas Commission ("COGCC") Rule 318A.(c) and granting consent to locate any well outside of the GWA windows as defined in COGCC Rule 318A.(a).

2. Surface Easements. In addition, Surface Owner has granted and, subject to terms of the Surface Use Agreement, hereby grants to Operator road, pipeline and power line easements for access to conduct Oil and Gas Operations. Road, pipeline and power line easements shall be solely for operations on the Property or lands pooled or unitized with the Property, including roads, pipelines and power lines located outside of the areas labeled as "Oil and Gas Location" and "Access" in Exhibit A or "Proposed Oil and Gas Location" and "Proposed Access Road" in Exhibit B. Surface Owner further hereby grants and conveys to Operator the right of ingress and egress on and across the along the designated access road depicted on either Exhibit A or Exhibit B ("Access Corridor"), as well as rights-of-way for pipelines and power lines, together with the right to exclusive use by Operator of the Operations Area, and to use the subsurface of the Property, all in the conduct of Operations. Operator shall consult with Surface Owner prior to locating and burying any pipelines. To the greatest extent reasonably practical, Operator shall minimize the number and extent of pipelines and power lines and locate them at locations on the Property acceptable to Surface Owner.

3. Exclusive and Nonexclusive Use. Operator's rights to use the Operations Area are exclusive. Surface Owner may use other parts of the Property or grant easements on or across other parts of the Property to third parties, provided such easements do not unreasonably interfere

with the operations of Operator. Notwithstanding the foregoing, neither Owner nor any third party shall have the right to access the Operations Area being used by Operator for its Operations without the consent of Operator, which in the case of any third party, may be withheld by Operator in its sole discretion. In the event Operator consents, access to the Operations Area shall be at the sole risk of Owner or such third party.

4. Consultation. Surface Owner has requested that all consultation be conducted directly with Surface Owner. Accordingly, Surface 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. Surface Owner agrees that all damages claimed by a surface tenant, lessee or other such party resulting from the Operations shall be settled by Surface Owner, and Surface Owner hereby agrees to release, discharge, indemnify and hold Operator harmless from and against any such claims.

5. General Operational Requirements.

a. Weed/Dust/Erosion Control. Operator shall keep the Operations Area and Access Corridor free of weeds and debris and shall take reasonable measures to control erosion.

b. Topsoil. In all Operations requiring the removal of soil, the topsoil will be segregated in accordance with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") and following the completion of Operations, Operator will place the topsoil and subsurface soil back in proper order and restore the surface of the Property disturbed by such Operations to its original condition and contour as nearly as practicable.

c. Water Testing. Operator shall have the right, but not the obligation, to test Surface Owner's well water or other surface water located on the Property.

d. Dust Suppression. Operator shall conduct dust suppression in such areas and at such times as Surface Owner shall reasonably request. Operator must obtain Surface Owner approval for use of any dust suppression chemicals other than water.

e. Conduct on the Property. 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 Property, and such persons shall not engage in recreational activities on the Property. No living quarters shall be constructed upon the Property, except that drilling crews and geologists or service personnel may use temporary "dog houses" during drilling, completion, or reworking activities. No dogs will be permitted on the Property at any time. 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 or illegal drugs while on the Property. Any individual or contractor of Operator who violates this provision may, in Surface Owner's discretion, be forever barred from entry on the Property. Operator will notify all of its contractors, agents, and employees of these restrictions.



f. Spills. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Property. Any spill required to be reported to the COGCC shall also be reported to Surface Owner by telephone, fax, or e-mail.

6. Reclamation. Operator agrees to perform all reclamation in accordance with the rules and regulations of the COGCC, unless a variance is granted by the COGCC upon the request of Surface Owner. Operator shall endeavor to keep the Operations Area and the pipeline and access easements free of weeds and debris and to control erosion. Upon final termination of any pipeline easement granted by Surface Owner to Operator, Operator shall (i) remove all hydrocarbon substances from, and render environmentally clean all buried pipeline(s) located within the terminated pipeline easement, executing a bill of sale conveying to Surface Owner the pipeline(s) within the terminated easement upon receipt of Surface Owner's notice of reasonable satisfaction with this provision; or, (ii) Operator shall have the option of cementing in place or removing the entire length of all buried pipeline(s) within the terminated pipeline easement and reclaiming and reseeding the pipeline right-of-way in accordance with applicable rules.

7. Surface Damages. If, by reasons resulting from Operations of Operator, there is damage to real or personal property upon the Lands which is not associated with usual and customary operations, including, but not limited to, damage to livestock, structures, buildings, fences, culverts, cement ditches, irrigation systems, and natural water ways, such damage will be promptly repaired or damaged items replaced by Operator, or Operator will pay reasonable compensation to Surface Owner for such additional actual damage or an amount equal to the reasonable costs to repair such actual damages.

8. Term. The Surface Use Agreement and this Memorandum shall remain in effect for five years from the date of this Agreement and so long thereafter as Operator continues to conduct Operations, including Operator's obligations upon termination of its operations to remove equipment and reclaim the Property and to comply with all other applicable laws and regulations. Any rights confirmed or granted by this Memorandum shall terminate when the Surface Use Agreement terminates.

9. 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.

10. Notices. All notices required or permitted to be given pursuant to the Surface Use Agreement or this Memorandum shall be given and reports will be deemed delivered if sent by certified letter, return receipt requested, properly addressed and deposited in the United States mail, postage prepaid, or by hand delivery (courier), or by Federal Express, next business day delivery, to the other party at the address set forth below, or as amended by proper notice of an address change:

Joel Farkas Second Creek Development, LLC 9033 E. Easter Place, Suite 112 Centennial, Colorado 80112	Roger Parker Petro Operating Company, LLC 915 West Lehigh Avenue, No. 1394 Englewood, Colorado 80150
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11. Covenant Running with the Land. This Memorandum is a covenant running with the land and the terms, conditions and provisions of this Memorandum shall extend to and be binding upon the parties to this Memorandum, their heirs, executors, administrators, successors, and assigns. In addition, Surface Owner agrees to include a note on any annexation, subdivision plat, planned unit development or other land use designation for which Surface Owner may apply to put successors or assigns on notice that the Property is subject to this Memorandum.

12. Continuing Effect of Surface Use Agreement. The Surface Use Agreement and obligations of Operator and Surface Owner thereunder shall remain in full force and effect in accordance with terms of the Surface Use Agreement. 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.

13. Constructive Notice; Successors and Assigns. The purpose of this Memorandum is to provide constructive notice of the Surface Use Agreement and provide notice to all other parties of the rights and obligations of Operator and Surface Owner with respect to Oil and Gas Operations on the Property. This Memorandum and the rights and limitations set forth herein shall be deemed to be a covenant running with the Property. The Surface Use Agreement, this Memorandum, and the obligations and benefits in both documents are binding upon the representatives, successors and assigns of the parties.

14. Proportionate Reduction. Any compensation due to Surface Owner under the Surface Use Agreement shall be proportionately reduced by the percentage of Surface Owner's fee ownership of the Property.

15. Counterparts. This Memorandum 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.

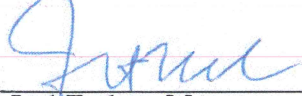
IN WITNESS WHEREOF, this Memorandum has been executed on the date(s) indicated below by the undersigned.

**SIGNATURES ARE ON FOLLOWING TWO PAGES**



**SIGNATURE PAGE FOR**  
**MEMORANDUM OF SURFACE USE AND EASEMENT AGREEMENT**

**SURFACE OWNER**  
**SECOND CREEK DEVELOPMENT, LLC**

By:   
Joel Farkas, Manager

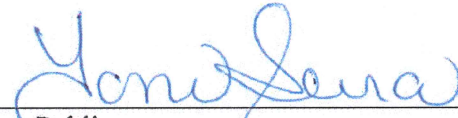
Date: 2-16-17

**ACKNOWLEDGMENT**

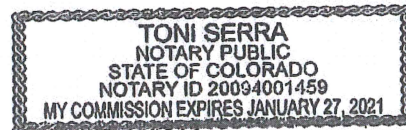
STATE OF COLORADO                    )  
  ) ss.  
COUNTY OF Arapahoe )

The foregoing instrument was acknowledged before me on February 16, 2017 by Joel Farkas, as Manager of Second Creek Development, LLC, on behalf of the company.

Witness my hand and official seal.

  
Notary Public

My commission expires: 01-27-2021





**SIGNATURE PAGE FOR**  
**MEMORANDUM OF SURFACE USE AND EASEMENT AGREEMENT**

**OPERATOR**  
**PETRO OPERATING COMPANY, LLC**

By: \_\_\_\_\_

Erin Parker, Manager

Date: \_\_\_\_\_

2/15/17

**ACKNOWLEDGMENT**

STATE OF COLORADO    )  
  ) ss.  
COUNTY OF DENVER    )

The foregoing instrument was acknowledged before me on February 15, 2017 by Erin Parker as Manager of Petro Operating Company, on behalf of the company.

Witness my hand and official seal.

EMMANUEL ABROKWAH NOTARY PUBLIC STATE OF COLORADO NOTARY ID 20154029277 MY COMMISSION EXPIRES JULY 27, 2019
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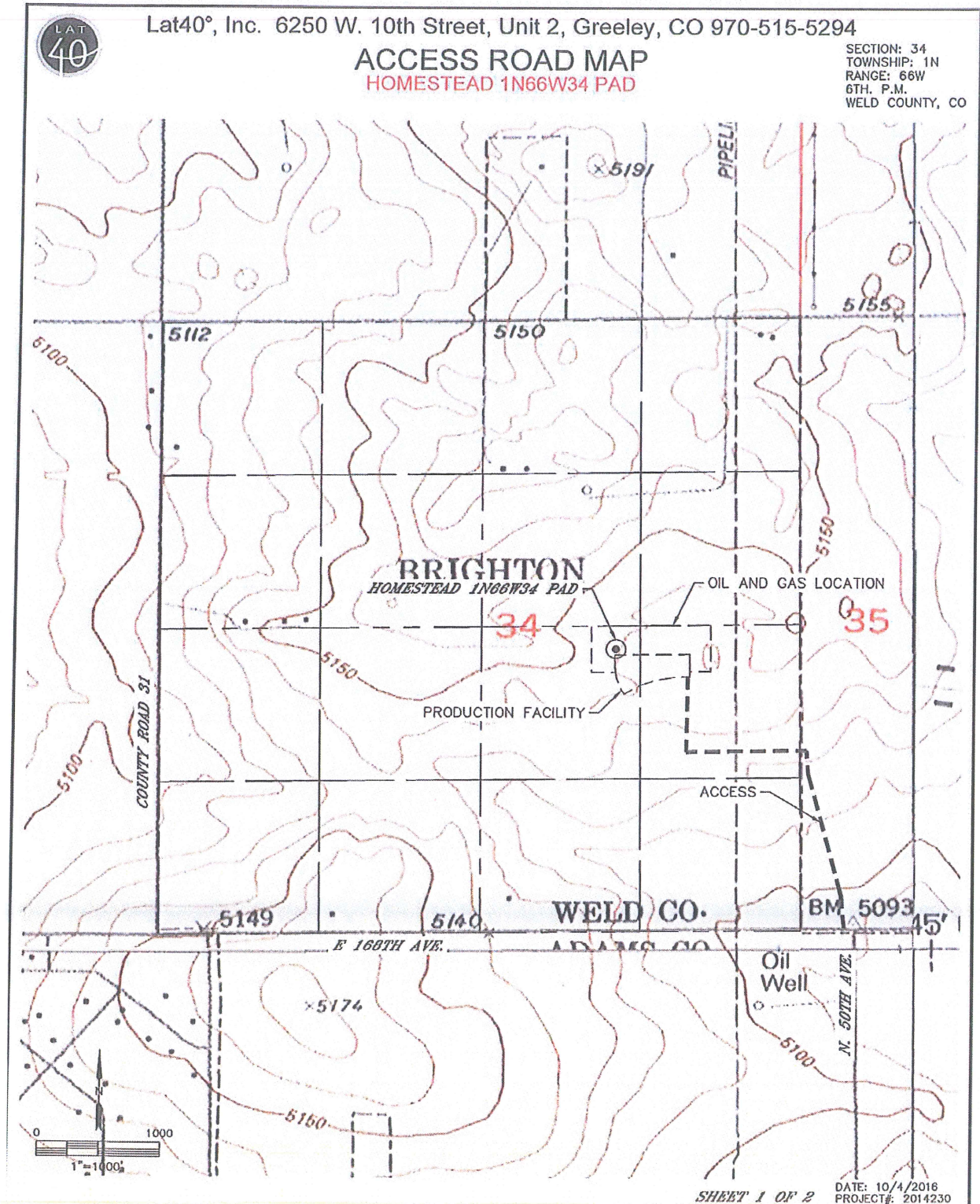
Notary Public

*[Handwritten signature]*

My commission expires:



**EXHIBIT A**  
**TO**  
**MDEMORANDUM OF SURFACE USE AND EASEMENT AGREEMENT**





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