

**EASEMENT, RIGHT-OF-WAY  
and SURFACE DAMAGES AGREEMENT**

This Easement, Right-of-Way and Surface Damages Agreement (this "Agreement") is made and entered into this 15<sup>th</sup> day of June, 2018, by and between Edge Energy II LLC, a Colorado limited liability company ("Operator"), whose address is 1301 Washington Ave., Suite 300, Golden, CO 80401 and J. Ralph A. Sauter, Jr., whose address is, PO Box 381, Pierce, CO 80650 ("Surface Owner"). Operator and Surface Owner may be referred to herein individually as a ("Party"), or collectively as the ("Parties").

**Recitals**

A. Surface Owner owns the surface estate of those certain tracts of land, that being Tract A and Tract B depicted on Exhibit A, attached hereto and made a part hereof (hereinafter referred to as the "Properties"); and

B. Operator wishes to develop its oil and gas leasehold estate by drilling, completing, developing, exploring for and producing oil and gas from vertical and horizontal oil and gas wells, exploratory oil and gas wells and pilot holes both on and off the Properties and explore, produce and develop its mineral estate on, under, through and off the Properties; and

C. Surface Owner intends to grant Operator perpetual easement and the right to use and occupy the Properties within a defined area more accurately defined herein and on Exhibit B, for purposes of oil and gas exploration, development, operation and uses incident thereto; and

D. This Agreement sets forth the Parties' rights and obligations regarding the relationship between the development of the Properties by Surface Owner and Operator's operation and development of its oil and gas leasehold estate on the Properties, such rights and obligations to be binding upon the Parties' and their successors and assigns.

**Agreement**

NOW, THEREFORE, for and in consideration of the sum of [REDACTED] and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Surface Owner, the parties hereto agree as follows:

1. **Consideration.** For and in consideration of the uses of the Properties set forth herein and any and all necessary and reasonable damages caused by Operator and related easements granted to Operator under this Agreement; Operator has agreed to provide compensation to Surface Owner as described in that certain Letter Agreement entered into by and between Surface Owner and Operator, dated June 15<sup>th</sup>, 2018. Consideration shall be paid to Surface Owner no less than thirty (30) days prior to commencement of excavation operations on the Well Site (as defined below) or earlier as provided-for in the Letter Agreement.

2. **Grant of Easement.** Surface Owner shall grant Operator, Operator's third-party designees, contractors, vendors, employees and other third-party personnel, a non-exclusive, perpetual easement and right-of-way for access, construction, operation, maintenance, removal, reclamation and use of Three (3) Access Roads approximately 4.2 miles in length, more or less (the "Access Roads") and Seven (7) Well Sites (the "Well Sites"); and together with the Access Road, the ("Subject Well Sites") for all oil and gas uses, development, operation and production and other related materials and equipment on the Properties, as well as necessary and perpetual easement(s) and right(s) of way to install, build, construct, operate, access,

maintain, upgrade, downgrade, remove and access utility lines, fiber optic cable, flowlines, above-ground temporary water pipelines, water tanks, oil, gas, water, and associated petroleum liquids pipelines and related above ground appurtenances (such easement(s) and right(s) of way being herein referred to as the "Easement"). The Well Site and the Access Road, easement(s) and right(s) of way shall be particularly located on the Properties as depicted on Exhibit B.

Operator's Easement shall include the right to drill, complete and produce wellbores under and through the Properties to locations under, through and off of the Properties from the Well Sites. Any wellbores drilled from the Well Sites may be drilled in a manner deemed reasonable by Operator and in a manner that is consistent with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC"). Wellbores drilled may include but shall not be limited to: vertical, directional, pilot holes, horizontal and twinned and other well bores.

3. **Right-of-Way for Gathering.** Surface Owner hereby grants Operator or a third-party company, at Operator's discretion, the option to place, operate and maintain pipelines and above-ground appurtenances within or adjacent to Access Roads or on definite locations on the Properties ("Pipeline Right(s)-of-Way") which allow Operator or a third-party company to connect its facilities to third-party infrastructure. Operator shall pay Surface Owner [REDACTED] per linear foot. Each Pipeline Right-of-Way granted to Operator will be a permanent right-of-way consisting of a width of 30 feet, that being 15 feet on each side of the centerline of the pipeline for the purpose of accessing, installing, maintaining, upgrading, changing, removing, operating and replacing pipelines and above-ground appurtenances. Operator will have the option to delineate the Pipeline Right-of-Way in the form of an as-built survey plat and record the same in the public records of the county where the Properties is situated. The Pipeline Right(s)-of-Way shall be particularly located on the Properties as depicted on Exhibit B.

4. **Subsurface Easement.** Operator is hereby granted a non-exclusive subsurface easement at any time during the term of this Agreement, anywhere on, through and under the Properties owned by Surface Owner, allowing passage of any wellbore for any of Operator's current or future wellbores, whether exploratory in nature, producing or nonproducing, along with the non-exclusive right to occupy any portion of the subsurface space under the Properties with Operator's wellbores.

5. **Improvements.** With respect to Operator's equipment and facilities, Operator may install and maintain, at its sole cost and expense, fences, gates and locks if required by the COGCC or if necessary or convenient for the security of uses herein, the Well Sites, production facilities, or any easements on the Properties.

6. **Soil Separation (Double Ditching).** Operator agrees to cause the topsoil to be removed from trench and soil storage side of the trench to a depth of 12 inches or the topsoil depth, whichever is less, and return, as nearly as practicable, said topsoil to its original position relative to the subsoil.

7. **Restoration.** The Operator agrees to pay for any physical damage to growing crops, grassland, timber, fences, or other structural improvements located outside the above-described Well Site, Access Road, Pipeline Right(s)-of-Way, and other easement(s) and right(s) of way caused by the Operator. Furthermore, Operator shall restore the surface area of the Properties to as nearly the pre-construction grades and conditions, as is practicable, if damaged by Operator's operations. Operator shall, at its sole expense, restore any disturbed surface to its natural state by compacting the soil and re-planting in grass native to the premises. Operator understands and agrees that restoration of the disturbed may take more than one re-planting; Operator agrees to undertake such re-planting at its sole expense until the disturbed surface is fully restored to its original condition.

8. **Consultation.** Operator agrees to contact Surface Owner seven (7) days prior to the start of construction to consult with Surface Owner as to the irrigation schedule and location of underground pipelines, ditches and utilities located on the property.



9. **Consents and Waivers.** Surface Owner hereby waives the 30-day written notice requirement for commencement of operations with heavy equipment for the drilling of a well (Rule 305.f) and any other and/or future notice or consultation requirements of the COGCC, including without limitations the provisions and allowed waivers under COGCC Rules 305 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 limitations the provisions and allowed waivers under COGCC Rules 318A.a and 318A.c. These GWA waivers are solely intended to minimize surface disturbance on Surface Owners lands while fully complying with the Surface Owners wishes of this Agreement. Surface Owners agrees to give notice to and consult with all tenant farmer(s), lessee(s) or other party or parties that may own an interest in crops or surface improvements that could be affected by any of Operator's proposed or reasonably foreseeable operations.

10. **Governmental Proceedings.** Surface Owner shall not oppose Operator in any agency hearing or meeting, nor shall Surface Owners object to any of Operator's Operations on the Easement in any governmental proceeding, including but not limited to the COGCC, state, county, local jurisdiction or other governing body proceedings, related to Operator's operations on the Properties, including but not limited to: Well Sites, well heads, oil and gas facilities, access, utility or pipeline location setback and positioning or any other drilling operations provided that Operator's position in such proceedings is consistent with this Agreement. This provision shall not apply if Operator is in violation or breach of this Agreement.

11. **Successors and Assigns.** The terms, covenants and conditions hereof shall be a covenant running with the land and shall be binding upon and inure to the benefit of the Parties and their respective heirs, devisees, executors, administrators, successors and assigns.

12. **Termination of Pipeline Right(s)-of-Way.** The Pipeline Right(s)-of-Way shall terminate if a pipeline is not constructed on the Property within the term of this Agreement, except that all such installed and operated pipelines and above-ground appurtenances in any such Pipeline Right(s)-of-Way shall remain in effect as long such installed pipeline(s) and/or above-ground appurtenance(s) are being operated and used by Operator, its successors and assigns.

13. **Termination of Agreement.** This Agreement shall automatically terminate after five (5) years from the Effective Date, herein, (the "Termination Date") if no well bores have been drilled on the Subject Well Sites. Except, this Agreement shall not terminate on the Termination Date under the following conditions: (a.) this Agreement shall not terminate on the Termination Date as to all Subject Well Sites that have at least one (1) well bore in producing or shut-in status; (c.) this Section 13 shall not serve to terminate Pipeline Right(s)-of-Way and shall not serve to conflict with Section 12 of this Agreement.

If this Agreement terminates for any reason, this Agreement shall be of no further force and effect except with respect to Operator's obligation to plug and abandoned all Wells owned all or in part by Operator and pursuant to the requirements of the COGCC regulations and all applicable oil and gas leases pertaining to removal of equipment, reclamation and cleanup. By way of example, upon expiration of the primary five (5) year term, any well sites without an operating wellbore shall revert in their entirety to Surface Owner. Pursuant to the above Termination Clause, completion of a producing well on any of the Subject Well Sites will hold each of the well sites with a producing or shut-in well until operation ceases and Operator has plugged and abandoned all wells on that well site; except that a shut-in well bore shall not, by itself, serve to extend the Agreement for more than 12 months beyond the primary term. Operator's failure to timely plug, abandon, reclaim and cleanup a wellsite in accordance with COGCC regulations shall not serve to hold a wellsite to extend the term of this Agreement.



14. **Release of All Claims.** Except as otherwise provided-for in this Agreement, Surface Owner accepts payment and consideration described in Section 1 as full consideration and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Lands or growing crops thereon that may occur as a result of Operator's drilling and completion operations on the Properties and its continuing activities for the production and/or transportation of oil, gas, or other hydrocarbons or products associated with such operations and activities including, but not limited to: surface use, access, wellhead equipment, above-ground temporary water pipelines, utilities, fiber optic cables, separators, tank batteries, metering and measurement equipment, pipelines, gathering lines, flowlines, pipeline interconnections, and any and all other reasonable and customary uses of land related to said operations, uses or activities. This provision shall not apply to the extent that Operator's operations are in material violation or breach of this Agreement.

15. **Applicable Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado.

16. **Entire Agreement.** This Agreement sets forth the entire understanding among the Parties hereto regarding the matters addressed herein, and supersedes any previous communications, representations or agreement, whether oral or written. This Agreement shall not be amended, except by written document signed by all Parties.

17. **Indemnity:** Operator shall indemnify and hold Surface Owner harmless from and against any and all loss, damage, liability, claims, demands, causes of action and expenses (collectively, "Losses"), including reasonable and verifiable attorneys' fees and expenses, for personal injury or damage asserted by any person or entity and resulting directly from the construction, maintenance, operation, repair, inspection, replacement or removal of the pipeline by Operator, to the extent such Losses were not caused by the grossly negligent or intentional actions of the Surface Owner, its agents, invitees, licensees, tenants, or employees.

18. **Limitation of Liability:** Surface Owner and Operator agree that that the value of the improvements placed by Operator within the Easement Area as well as the value of the oil or gas to be transmitted over the to-be-installed Pipeline, as well as the cost of any interruption to the operations of said facilities and/or Pipeline is substantial as compared with the payment(s) from Operator to Surface Owner under the terms of this Agreement; accordingly it is the intent of Surface Owner and Operator to limit Surface Owner's liability and duty to indemnify Operator in the case of damage or loss incurred by Operator caused by Surface Owner: Under any circumstance Surface Owner's liability to and duty to indemnify Operator shall be limited to the total of the Initial Payment and Wellbore Payments paid by Operator to Surface Owner. Operator hereby stipulates to this limitation of liability. \_\_\_\_\_ (Operator's Initials). This provision shall survive termination of this Agreement.

19. Operator shall pay Landowner for any loss, liability or reduction in payment arising from or in respect of Grantor's Conservation Reserve Program (CRP) contract on the above-described Lands which is caused by the Operator's operations on the Lands. Further, prior to operations, Operator will consult with the Greeley FSA/NRCS office to confirm that this Agreement does not violate the terms of the existing CRP contract on the Lands.

20. **Counterpart Execution.** This Agreement may be executed in any number of counterparts each of which shall be deemed an original instrument but all of which together shall constitute one and the same instrument.

The Parties have executed this Agreement on the day and year first above written.



**J. Ralph A. Sauter, Jr.**

Signed: J. Ralph A. Sauter, Jr.

**Edge Energy II LLC**

Signed: Steve Enger  
By: **Steve Enger**  
Its: **President**

(Acknowledgements appear on the following pages. Remainder of page intentionally left blank.)

Lessor	Lessee	Eff. Date	Final Exp.	1st Exp.	Rec. #	State	County	T	R	SEC	Desc
STATE OF COLORADO #1137.10	MARATHON OIL COMPANY	5/20/2010	HBP		2010-47815	CO	LARIMER	10N	68W	Sec: 16	ALL
BEVERLY B BLAIR	MARATHON OIL COMPANY	5/20/2011		5/20/15	2011-36162	CO	LARIMER	10N	68W	Sec: 17	ALL of Sec 17, less metes & bounds tracts
J L BURKE III	MARATHON OIL COMPANY	5/20/2011		5/20/16	2011-0034272	CO	LARIMER	10N	68W	Sec: 17	ALL of Sec 17, less metes & bounds tracts
MARILYN BURKE SALTER	MARATHON OIL COMPANY	5/20/2011		5/20/18	2011-0034270	CO	LARIMER	10N	68W	Sec: 17	ALL of Sec 17, less metes & bounds tracts
NANCY I FARMER	MARATHON OIL COMPANY	5/20/2011		5/20/18	2011-34269	CO	LARIMER	10N	68W	Sec: 17	ALL of Sec 17, less metes & bounds tracts
PAUL RIDNOUR	MARATHON OIL COMPANY	1/3/2012			2012-0004902	CO	LARIMER	10N	69W	Sec: 13	N2SW, NW
PAUL RIDNOUR	MARATHON OIL COMPANY	1/3/2012			2012-0004902	CO	LARIMER	10N	69W	Sec: 14	N2NE
State of Colorado #109446	White Eagle Exploration, Inc.	2/19/2016	N/A	2/19/2020	20170055626	CO	Larimer	11N	68W	12	All
State of Colorado #109447	White Eagle Exploration, Inc.	2/19/2015	N/A	2/19/2020	20170055622	CO	Larimer	11N	68W	22	All
State of Colorado #109448	White Eagle Exploration, Inc.	2/19/2015	N/A	2/19/2020	20170055623	CO	Larimer	11N	68W	28	N2N2, SWNW, NWSW, S2SW
State of Colorado #109449	White Eagle Exploration, Inc.	2/19/2015	N/A	2/19/2020	20170055624	CO	Larimer	11N	68W	34	N2NW, SENW, SESW
State of Colorado #109450	White Eagle Exploration, Inc.	2/19/2015	N/A	2/19/2020	20170055627	CO	Larimer	11N	68W	36	All
State of Colorado #109451	White Eagle Exploration, Inc.	2/19/2015	N/A	2/19/2020	20170055625	CO	Larimer	12N	68W	36	All
RALPH CAMPBELL ET UX ANN CAMPBELL	MARATHON OIL COMPANY	8/19/2010		8/19/15	1. Book 2184 Page 180 Rec 553264 Rec 3681089 2-Book 2186 Page 1155 Rec 554656	WY	Laramie	14N	65W	9	THE WEST 300 FT OF THE SWNW
STATE OF WYOMING - #1000110	MARATHON OIL COMPANY	6/2/2010			Book 2176 Page 187 Rec 549688	WY	Laramie	15N	66W	14	SESW
DAVID B JOHNSON AND GAYLE A JOHNSON	FLATIRON RESOURCES L L C	3/2/2010		3/2/20	Book 789 Page 214 Rec 913154	WY	Goshen	20N	61W	Sec: 06	LOTS 1-5, SENW, S2NE, SE
DAVID B JOHNSON AND GAYLE A JOHNSON	FLATIRON RESOURCES L L C	3/2/2010		3/2/20	Book 789 Page 214 Rec 913154	WY	Goshen	20N	61W	Sec: 07	LOTS 1-4, E2W2, E2
DAVID B JOHNSON AND GAYLE A JOHNSON	FLATIRON RESOURCES L L C	3/2/2010		3/2/20	Book 789 Page 214 Rec 913154	WY	Goshen	20N	61W	Sec: 18	LOTS 1, 2, E2NW, NE
DAVID B JOHNSON AND GAYLE A JOHNSON	FLATIRON RESOURCES L L C	3/2/2010		3/2/20	Book 789 Page 214 Rec 913154	WY	Goshen	20N	62W	Sec: 01	LOTS 1-4, S2N2, S2
DAVID B JOHNSON AND GAYLE A JOHNSON	FLATIRON RESOURCES L L C	3/2/2010		3/2/20	Book 789 Page 214 Rec 913154	WY	Goshen	20N	62W	Sec: 04	SE
DAVID B JOHNSON AND GAYLE A JOHNSON	FLATIRON RESOURCES L L C	3/2/2010		3/2/20	Book 789 Page 214 Rec 913154	WY	Goshen	20N	62W	Sec: 12	E2, NW

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## ACKNOWLEDGEMENTS

STATE OF COLORADO                    )  
   ) ss.  
 COUNTY OF WELD                    )

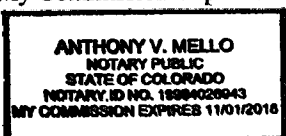
The foregoing instrument was acknowledged before me this 15th day of June 2018, by J. Ralph A. Sauter, Jr..

Witness my hand and official seal.

(SEAL)

  
 Notary Public

My Commission Expires: 11/01/2018




STATE OF COLORADO                    )  
   ) ss.  
 COUNTY OF JEFFERSON                )

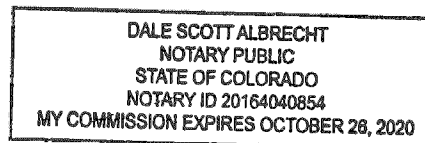
The foregoing instrument was acknowledged before me this 18th day of June, by Steve Engor, as President of Edge Energy II LLC, on behalf of such limited liability company.

Witness my hand and official seal.

(SEAL)

  
 Notary Public

My Commission Expires: 10/26/2020







**Exhibit B**

*Attached to and made part of the certain Easement, Right-of-Way and Surface Damage Agreement dated JUNE 15, 2018, by and between Edge Energy II LLC, a Colorado Limited Liability Company, as Operator and J. Ralph A. Sauter, Jr, as Surface Owner.*

*The "Subject Well Site"*

*Page 1 of 1*

Sauter Pad #1

T8N, R66W, 6<sup>th</sup> P.M., Section 23: E/2NE/4

Pad Size ~5.7 Ac

