

# ACCESS AND SURFACE DAMAGE AGREEMENT

## Weld County, Colorado:

THIS AGREEMENT is made and entered into this 19<sup>th</sup> day of March, 2018 by and between **Timbro Ranch and Cattle Company, LLC.**, whose mailing address is **5566 S Sycamore Street, Littleton, CO 80120**, hereinafter referred to as "Grantor," and **Verdad Resources LLC**, whose address is **5950 Cedar Springs Road, Suite 200, Dallas, Texas 75235**, hereinafter referred to as "Grantee".

**WHEREAS**, Grantor is the surface owner of the following described lands in **Weld County, Colorado**: More fully described in Exhibit A attached.

**Township 9 North, Range 58 West, 6<sup>th</sup> P.M.**  
**Section 19: S2S2**

(Hereinafter referred to as the "Lands") and

**WHEREAS**, Grantee desires to enter onto and cross such Lands for the purpose of developing the following oil and/or gas pad:

**Timbro 1931 Pad**

(Hereinafter referred to as the "Drill Site").

**NOW THEREFORE**, for and in consideration of the mutual promises and covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

- I. Grantee and its assigns or agents shall have the right to locate an access road as shown in Exhibits across the subject Lands, and shall have the unrestricted right to move derricks, drilling tools, vehicles and all other machinery and equipment necessary or incident to the drilling, testing, completion and operation of an oil and/or gas well at the Drill Site. Pipelines located outside of the defined Drill Site as shown in the attached Exhibits shall be compensated for separately from this agreement.
- II. Grantee shall pay to Grantor the sum as agreed to by separate Letter Agreement of even date of this Agreement.

These payments are for full settlement and satisfaction of all damages

including but not limited to exploration, drilling, stimulation, completion, re-stimulation, re-completion, deepening, reworking, equipping, production, maintenance, and plugging and abandoning operations for the above described wells at the Drill Site, access roads and production facilities, necessary for the operation of and associated with the above described wells, including without limitation, as all of the foregoing may be related to directional, horizontal or lateral wellbores for the above described wells unless otherwise specifically provided herein. Prior to commencement of actual operations of constructing or reconstructing the access road or Drill Site location on said Lands, the sums, settlement and payments agreed to are due and payable, or this Agreement terminates, unless the prior payment provision is waived by Grantor, with respect to both Grantor and Grantee. If the Initial Payment provided for herein is not made within ninety (90) days of the date of this Agreement, this agreement shall terminate as to all of the Lands and all wells described herein or contemplated hereunder. Grantee's only penalty for failure to make the initial payment shall be the termination of this Agreement and the forfeiture of the Grantee's rights herein. Initial payment must be received prior to construction activities being initiated.

- III. Grantors shall notify Grantee of any change of surface ownership and no change of ownership of Grantors' interest shall be binding on Grantee until Grantee has been furnished with notice of said change of ownership.
- IV. This Agreement and the rights granted herein are effective on the date of execution by Grantor and shall continue in full force and effect so long as operations are conducted on the above named well sites. As used herein, the term "Operations" shall mean any activity conducted on or off the Lands that is reasonably calculated to obtain or restore production, including without limitation, (i) drilling or any act preparatory to drilling (such as obtaining permits, surveying the Drill Site, staking the Drill Site, building roads, clearing the Drill Site, or hauling equipment or supplies; (ii) completing, reworking, plugging back, deepening, treating, stimulating, refitting, installing any artificial lift or production-enhancement equipment or technique; and (iii) constructing facilities related to the production, treatment, transportation and marketing of substances produced at the Drill Site. Such Operations shall be limited to survey and permitting prior to receipt of initial payment as defined in separate Letter Agreement.
- V. Cattle guards or gates will be constructed, if requested by Grantor, at all places where they go through. The existing fences and gates will be kept closed at all times except when opened for passage of traffic. Grantee will fence the Drill Site area with a barbed or woven wire type fence, to include the use of H braces in the corners, at cattle guards or where needed along the fence line, a cattle guard will be installed at each point of entry to the Drill Site. Fencing shall be completed no later than thirty days after the final well permitted under this agreement is completed.

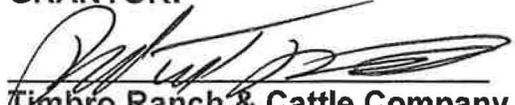
- VI. If there is any fill used for roads constructed across any drainage, then culverts will be used for the free flow of water through said drainage.
- VII. If the access road departs from existing established roadways and new construction is required, topsoil will be segregated and stockpiled for replacement during reclamation activities. No spoils or dirt piles shall be allowed. Excess dirt, other than topsoil, shall be removed or used at other locations as fill.
- VIII. It is understood that any road constructed across the said Lands shall not exceed **thirty three (33') feet** in width without the prior approval of Grantor.
- IX. Upon completion of the well as a dry hole or in the event any well hereunder is plugged and abandoned, and at the request of Grantor, the Drill Site and any newly constructed road will be restored to the condition it was in prior to commencement of operations insofar as reasonably possible. Any existing roads, and the improvements thereto which are constructed by Grantee shall be left in a good and useable condition for the continued use by Grantor, at Grantor's option.
- X. Grantee will do its best to control weeds, debris, trash and dust along its road access and around the Drill Site area. Exposed soils, if needed will be covered in a manner to help prevent dust and erosion.
- XI. It is expressly understood that this settlement is only for construction and unrestricted use of an access road and Drill Site location, and it is not a settlement for any damages to contiguous property, personal property of the Grantor or a release of any personal injuries that may be sustained by reason of the operations carried on by the oil and gas lessee or his agent.
- XII. The undersigned surface owners hereby agree and waive the notice of intent to commence operations.
- XIII. Both the Grantor and Grantee may assign this Agreement.
- XIV. This Agreement shall be binding upon the Parties hereto, their heirs, successors and assigns, and shall run with the Lands.
- XV. This Agreement, together with the corresponding Letter Agreement, constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof. This Agreement may only be amended, modified, or supplemented by a written instrument signed by all the Parties expressly stating that such instrument is intended to amend, modify or supplement this Agreement.
- XVI. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall be considered one

and the same document.

- XVII.** If at any time subsequent to the date hereto any provision of this Agreement shall be held by any court of competent jurisdiction to be illegal, void or unenforceable, such provision shall be of no force and effect, but the illegality or unenforceability of such provision shall have no effect upon and shall not impair the enforceability of the other provisions of this Agreement.
- XVIII.** Grantee shall be responsible for any and all damage to persons or property caused, in whole or in part, by Grantee's operations, or Grantee's exercise of any rights granted hereunder. Grantee hereby releases and shall defend, indemnify and hold harmless Grantor, Grantor's trustees, agents, successors, and assigns (collectively, the "Indemnified Parties") from and against all liability, damages, losses, suits, claims, actions, or injury, death, penalties, or causes of action, costs and expenses of whatsoever nature (including reasonable attorney's fees) (collectively, "Liability") to persons or property that occur during the term of this Agreement and are caused by or arising out of or in connection with any installation, construction, operation, maintenance, inspection, repair, replacement, or alteration related to the Drill Site, except to the extent and excluding such Liabilities that result from or are caused from the negligence, or willful misconduct of the Indemnified Parties.
- XIX.** Grantor as surface owner of the above described lands is fully aware that the said Timbro 1931 Drill Site pad will include wells that will not be producing or exploring for oil and gas on or under said described lands.
- XX.** Grantor further grants Grantee a subsurface easement through the Lands for the purpose of drilling, completing, operating, re-stimulating, reworking and maintaining oil and gas wells that may produce and drain oil, natural gas, produced liquids and associated hydrocarbons from lands other than the Lands and lands pooled with the Lands.

IN WITNESS WHEREOF, the parties have set their hands on the day and year first written above.

GRANTOR:



**Timbro Ranch & Cattle Company, LLC  
Ronald W. Timmerman,  
a/k/a Ronald Timmerman,  
Agent and Attorney-In-Fact**

GRANTEE:



**Philip W. Davis  
VP of Land, Verdad Resources LLC**



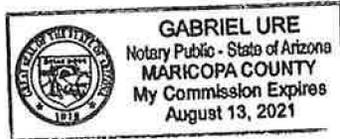
**ACKNOWLEDGEMENTS**

STATE OF ARIZONA )  
COUNTY OF Maricopa ) ss.

On this 19th day of March, 2018, before me, a Notary Public, personally appeared **Ronald W. Timmerman**, a duly Authorized Agent of **Timbro Ranch and Cattle Company, LLC**, on behalf of the corporation.

WITNESS my hand and official seal the day and year first above written.

(SEAL)



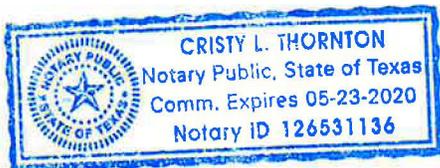
Gabriel Ure  
NOTARY PUBLIC  
My Commission Expires: 8-13-21

STATE OF ~~COLORADO~~ <sup>TEXAS</sup> )  
COUNTY OF ~~DENVER~~ <sup>DALLAS</sup> ) ss.

On this 3rd day of April, 2018, before me, a Notary Public, personally appeared **Philip W Davis**, a duly Authorized Officer or Agent of **Verdad Resources LLC**, on behalf of the corporation.

WITNESS my hand and official seal the day and year first above written.

(SEAL)

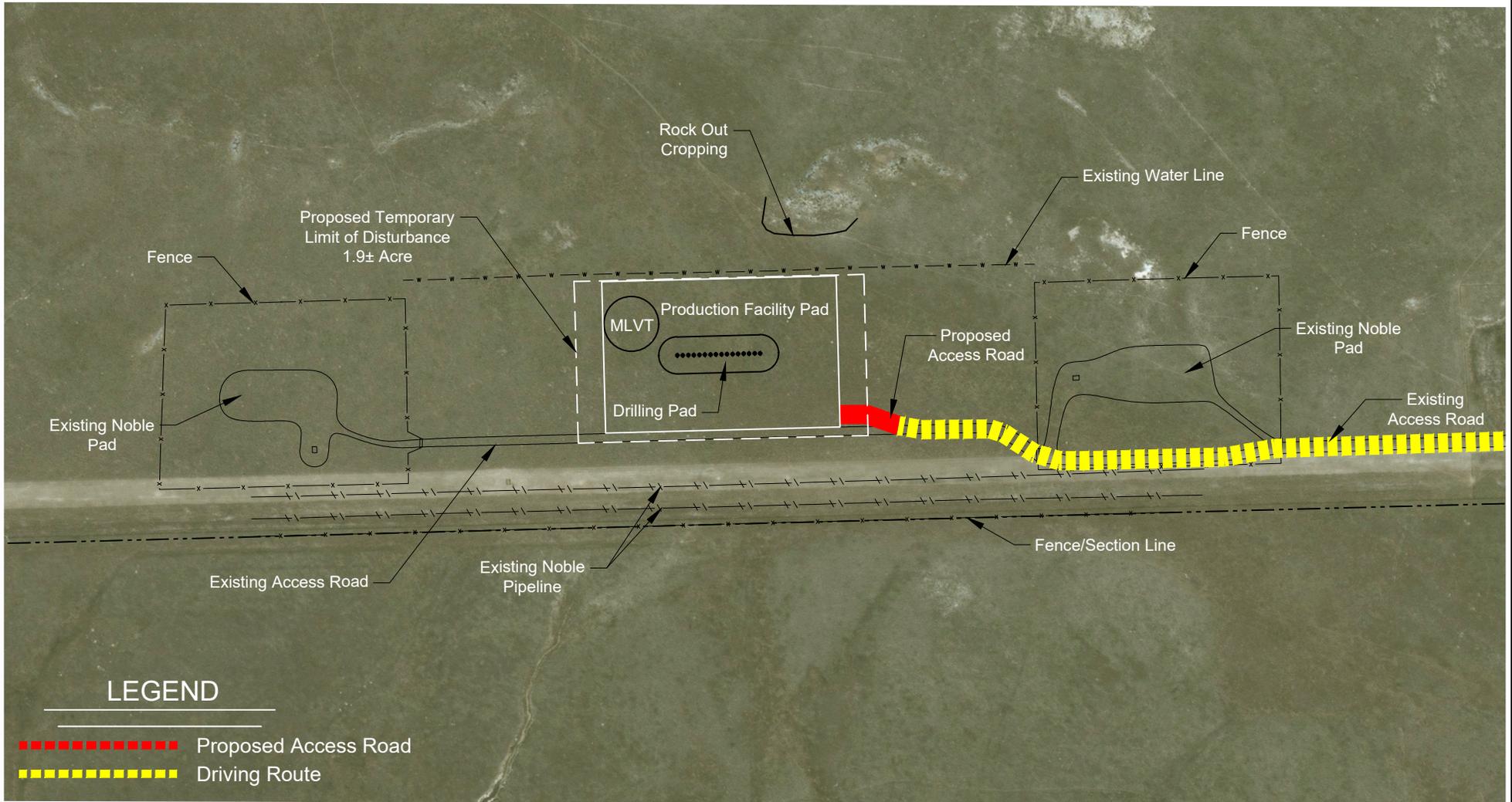


Cristy L. Thornton  
NOTARY PUBLIC  
My Commission Expires: 5-23-2020



SCALE: 1" = 400'  
 0' 200' 400'

**SURFACE USE  
 AGREEMENT EXHIBIT**  
 S 1/2 SECTION 19  
 T9N R58W 6TH PM  
 WELD COUNTY, COLORADO



**LEGEND**

- - - - - Proposed Access Road
- - - - - Driving Route

VERDAD RESOURCES  
 TIMBRO 1931

March 21, 2018	REVISION:	
1 OF 1	INT	DATE
TIMBRO_1931_SUA		

TOTAL DISTURBANCE AREA: 7.9 ACRES

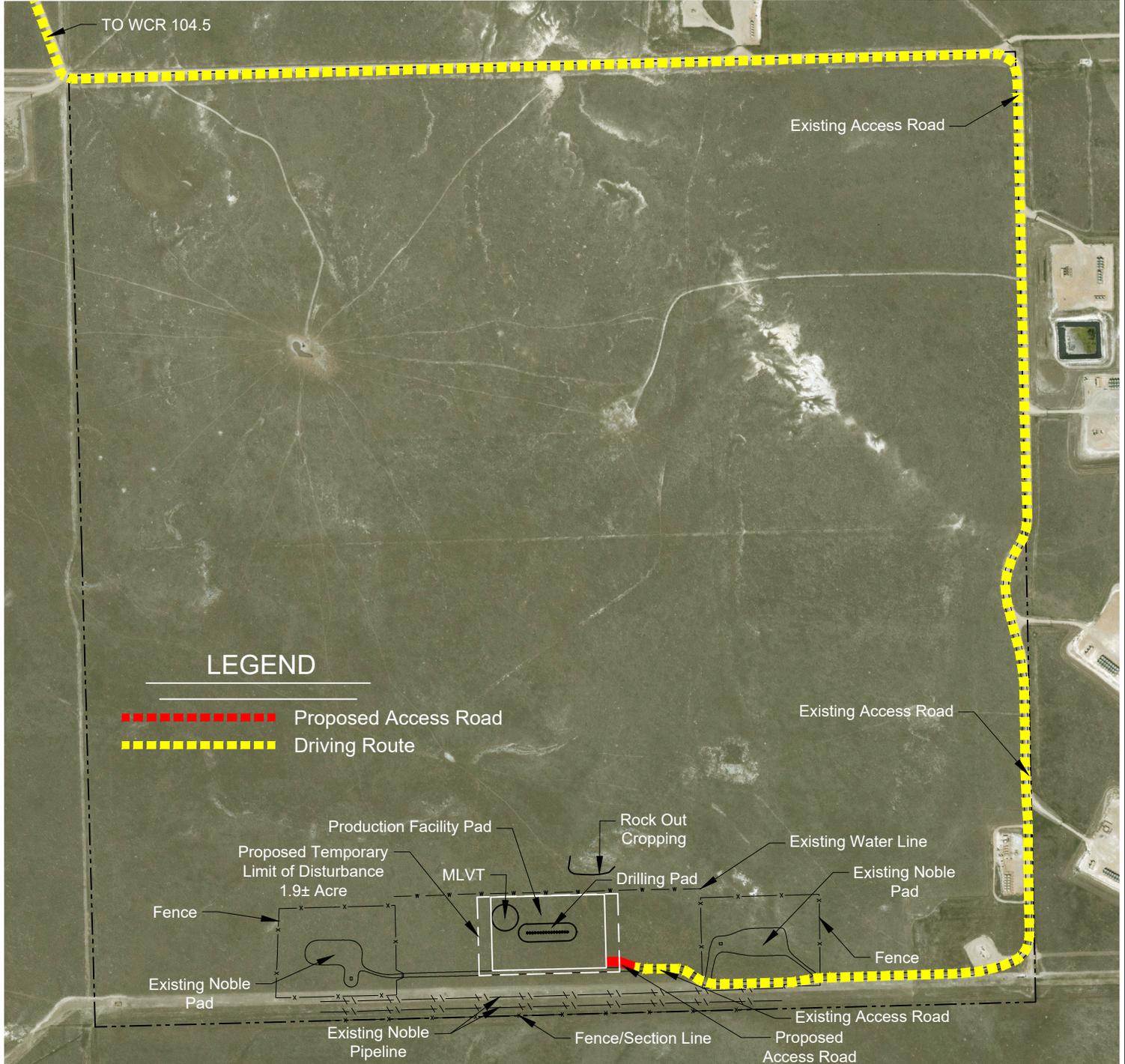
NOTE:  
 ALL PRODUCTION FACILITIES WILL BE ON PAD



**SURFACE USE  
AGREEMENT EXHIBIT**  
S 1/2 SECTION 19  
T9N R58W 6TH PM  
WELD COUNTY, COLORADO



SCALE: 1" = 800'  
0' 400' 800'



TOTAL DISTURBANCE AREA: 7.9 ACRES  
NOTE:  
ALL PRODUCTION FACILITIES WILL BE ON PAD

VERDAD RESOURCES <b>TIMBRO 1931</b>	DATE	March 21, 2018	REVISION:	
	SHEET :	1 OF 1	INT	DATE
	FILE:	TIMBRO_1931_SUA		

