



## SURFACE USE AGREEMENT

THIS SURFACE USE AGREEMENT ("Agreement") is made and entered into on the date of execution of this Agreement and is made by and between Richmark Real Estate Partners, LLC, a Colorado limited liability company with an address of 5200 W 20<sup>th</sup> Street, Greeley, Colorado 80634 (referred to as "Richmark"), on the one hand, and Extraction Oil & Gas, LLC, a Delaware limited liability company with an address of 370 17th Street, Suite 5300, Denver, CO 80202 (referred to as "Extraction").

### **RECITALS**

WHEREAS, under a Ground Lease and Option to Purchase (the "Ground Lease") executed concurrently with this Agreement, Richmark is the sole lessee for oil and gas exploration, production and marketing activities conducted on the surface of a certain parcel of land located in Weld County, Colorado, as described in the Exhibit "A" attached hereto and made a part hereof (as such description may be amended from time to time under Section 6, the "Property");

WHEREAS, Extraction represents that it is a registered oil and gas operator in Colorado and owns certain leasehold interest in minerals that can be accessed and developed by the drilling of a well or wells from the Property; and

WHEREAS, Extraction and Richmark wish to set forth the terms pursuant to which Extraction may drill oil and gas wells on the surface of the Property;

### **AGREEMENT**

NOW, THEREFORE, in consideration of the premises, the payments made and to be made hereunder, the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is herein acknowledged, Richmark and Extraction agree as follows:

1. *Recitals.* The Recitals set forth above are incorporated into this Agreement as though fully restated in this Paragraph 1.
2. *Grant of Easement.* Extraction is hereby granted an irrevocable, exclusive easement to use the surface of the Property to conduct oil and gas operations, including, without limitation, to drill, complete, operate, frack and refrac, rework, redrill, recomplete, deepen, and maintain oil and gas wells and install and maintain flow lines, pipelines, production facilities, vapor recovery and flare units, tanks, separators and other equipment. The parties specifically agree that the wells drilled on the Property pursuant to this Agreement may have bottom hole locations on lands other than the Property.
3. *Equipment Location.* The number of oil and gas wells, and the location of the wellheads, production facilities, vapor recovery and flare units, tanks, separators and other equipment to be utilized by Extraction in connection with the oil and gas wells that it may drill on the Property pursuant to this Agreement ("Equipment") will be determined by Extraction in its sole discretion. Extraction will comply with the rules and regulations of the Colorado Oil and Gas Conservation Commission ("COGCC") existing as of the date of mutual execution of this agreement.



4. *All Operations.* Richmark and Extraction agree that the Property may be used by Extraction to conduct any oil and gas operations on the surface of the Property that may be reasonably necessary, useful or convenient for the production of oil and gas.
5. *Consideration.* In consideration of this Agreement, Extraction has agreed to pay Richmark the following payments in connection with and only with any wellbore that is drilled into any portion of the Acquisition Area, as that term is defined in that certain Purchase and Sale Agreement executed on June 16, 2014, by the parties, or into any unit which includes or pools any portion of the Acquisition Area:
  - a. [REDACTED] drilled on the Property. The payment will be made by Extraction to Richmark, which represents that there are no other persons or entities entitled to any portion of the payments to be made on a well by well basis, prior to the commencement of the wells on a well-by-well basis.
  - b. [REDACTED] The term of the production payment as to each such well shall be from the date of first production for a period of thirty (30) years. Such payments shall terminate on a well by well basis upon the thirty (30) year anniversary of the date of first production from each well.
  - c. If Extraction or any successor recompletes a well in additional formations or to additional depths other than originally completed and produced or if Extraction or any successor drills and produces a new lateral from an existing wellbore, the well shall be considered a new well. As to any such new well, there shall be a thirty (30) year payment term beginning from the date of first production from such new well.
6. *Automatic Amendment of Property Definition.* The definition of the "Property", the surface of the lands subject to this Agreement, shall conclusively be deemed amended from time to time as the definition of the "Lands" in the Ground Lease is amended. Each such amendment shall occur automatically, so that the description of the Property subject to this Agreement will always be identical to the description of the Lands subject to the Ground Lease.
7. *Term.* This Agreement shall remain in full force and effect for a term of twenty-five (25) years from the date of execution hereof or so long as any of the wells drilled on the Property is producing oil and /or gas and associated hydrocarbons in "paying quantities", whichever is greater. For the purposes of this Agreement, "paying quantities" means on a well-by-well basis, proceeds from production exceed the lease operating expenses on a month to month basis and that no well shall be considered not to be producing in paying quantities unless and until lease operating expenses exceed revenues for a period of six consecutive months of actual production. Upon termination and upon either party's request, the parties shall execute and record a document terminating and releasing this Agreement. Notwithstanding termination of the Agreement, Extraction shall have a temporary easement to perform necessary plugging and abandonment work on the Property.



8. *Costs and Expenses.* Extraction covenants and agrees to pay all of the costs and expenses attributable to the oil and gas wells that are drilled on the Property pursuant to the terms of this Agreement to include and not being limited to the design, construction, surveying, leveling, demolition and construction, topsoil removal storage and restoration, road construction and maintenance, fencing, weed control and any other costs and expenses related or incurred in connection with the wells to be drilled pursuant to this Agreement.
  - a. With respect to fencing, Extraction will comply with the fencing requirements, if any, of the COGCC and the City of Greeley, Colorado or any other governmental agency with jurisdiction of the Extraction oil and gas operations on the Property and as reasonably requested by Grantor.
  - b. Extraction covenants and agrees to keep the Property free and clear of mechanics liens and other liens in the favor of vendors to Extraction except for statutory liens filed by Extraction against delinquent working interest owners that are customary in the oil and gas industry and that Extraction deems necessary or convenient for its oil and gas operations at the Property.
9. *Assignment.* Subject to providing notice of the Assignment to the other party, either party may assign all or any portion of this Agreement at any time and from time to time provided that no such assignments shall enlarge, amend or modify the obligations, duties, or benefits under this Agreement.
10. *Compliance with Law.* Extraction will conduct its operations on the Property, including the plugging and abandonment of the wells drilled on the Property pursuant to this Agreement in compliance with the applicable rules and regulations of the COGCC and the City of Greeley, or any other governmental agency.
11. *Notices.* All notices, requests, demands and other communications required or permitted hereunder shall be in writing and shall be deemed to have been fully given, made and received only when personally delivered, received via facsimile that has been confirmed electronically, delivered by Federal Express or other nationally recognized courier service, or three (3) days after having been deposited in the United States mail, postage prepaid, return receipt requested. All notices requests, demands, and other communications required or permitted hereunder shall be addressed as set forth below:

If to Richmark:  
Richmark Real Estate Partners, LLC  
5200 W. 20<sup>th</sup> Street  
Greeley, CO 80634

If to Extraction:  
Extraction Oil & Gas, LLC  
370 17th Street, Suite 5300  
Denver, CO 80202



12. *Covenants Run With the Land.* This Agreement and all of the covenants herein shall be covenants running with the land.
13. *Recordation.* Extraction and Richmark agree that Richmark may record an original of this Agreement or a Memorandum thereof in the real property records of Weld County, Colorado.
14. *Entire Agreement.* This Agreement contains the entire understanding between the parties hereto with respect to the transactions contemplated herein, and such understanding shall not be modified except in writing signed by or on behalf of the parties hereto.
15. *Severability.* If any provision of this Agreement or the application hereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of the Agreement nor application of such provision to any other person or circumstances shall be affected thereby, but rather the same shall be enforced to the greatest extent permitted by applicable law.
16. *Governing Law.* This Agreement and the transactions contemplated hereby shall be construed in accordance with, and governed by, the laws of the State of Colorado, excluding any conflict of laws, rule or principle that might refer the governance or the construction thereof to another jurisdiction.
17. *Successors and Assigns.* This Agreement shall inure to benefit of and be binding upon each party's successors and assigns.

SIGNED this 29 day of January, 2016.

RICHMARK REAL ESTATE PARTNERS, LLC

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

Arlo Richardson, President of Richmark  
Holdings, Inc., Manager of Richmark  
Real Estate Partners, LLC

EXTRACTION OIL & GAS, LLC

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

Matt Owens, President

[ACKNOWLEDGEMENT TO FOLLOW]



STATE OF COLORADO       )  
  ) ss.  
COUNTY OF WELD        )

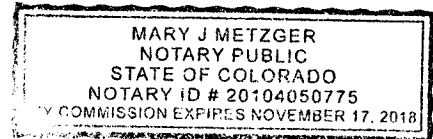
The foregoing was acknowledged before me this 29 day of January, 2016 by Arlo Richardson, President of Richmark Holdings, Inc., Manager of Richmark Real Estate Partners, LLC.

Witness my hand and seal.

My Commission Expires: 11/17/18

Mary J Metzger  
Notary Public

STATE OF COLORADO       )  
CITY AND                               ) ss.  
COUNTY OF DENVER        )

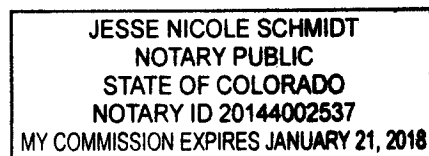


The foregoing was acknowledged before me this 17<sup>th</sup> day of February, 2016 by Matt Owens, President of Extraction Oil & Gas, LLC.

Witness my hand and seal.

My Commission Expires: 1/21/18

Jesse Schmidt  
Notary Public





**EXHIBIT "A"**  
**DESCRIPTION OF LANDS**

**PARCEL 1**

ALL OF THE LOTS 1 THROUGH 8, INCLUSIVE OF THE NE/4 OF THE NW/4 OF SECTION 15, TOWNSHIP 5 NORTH, RANGE 65 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN, WELD COUNTY, COLORADO, ACCORDING TO THE SUBDIVISION OF LANDS BY THE UNION COLONY OF COLORADO

EXCEPTING THEREFROM THAT PART OF THE SAID NE/4 OF THE NW/4 OF SAID SECTION 15, LAYING NORTH AND EAST OF U.S. HIGHWAY NO. 34 AS THE SAME IS NOW CONSTRUCTED OVER AND ACROSS THE SAME AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID SECTION 15 AND CONSIDERING THE NORTH LINE OF SAID SECTION 15 TO BEAR NORTH 90°00'11" EAST AND WITH ALL OTHER BEARINGS DESCRIBED HEREIN RELATIVE THERETO;

THENCE NORTH 90°00'00" EAST ALONG THE SAID NORTH LINE OF SAID SECTION 15, A DISTANCE OF 1,315.60 FEET TO THE NORTHWEST CORNER OF THE NE/4 OF THE NW/4 OF SAID SECTION 15 AND THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 90°00'00" EAST ALONG THE NORTH LINE OF SAID SECTION 15, A DISTANCE OF 606.72 FEET TO A POINT OF INTERSECTION WITH THE SOUTHERLY RIGHT OF WAY OF HIGHWAY NO. 34;

THENCE SOUTH 45°15'00" EAST ALONG THE SAID SOUTHERLY RIGHT OF WAY OF SAID HIGHWAY NO. 34, A DISTANCE OF 995.30 FEET TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE NE/4 OF THE NW/4 OF SAID SECTION 15;

THENCE SOUTH 00°17'00" WEST ALONG THE EAST LINE OF THE NE/4 OF THE NW/4 OF SAID SECTION 15, A DISTANCE OF 623.86 FEET TO THE SOUTHEAST CORNER OF THE SAID NE/4 OF THE NW/4 OF SAID SECTION 15;

THENCE SOUTH 89°56'00" WEST ALONG THE SOUTH LINE OF THE NE/4 OF THE NW/4 OF SAID SECTION 15 A DISTANCE OF 1,315.50 FEET TO THE SOUTHWEST CORNER OF THE NE/4 OF THE NW/4 OF SAID SECTION 15;

THENCE NORTH 00°13'00" EAST ALONG THE WEST LINE OF THE NE/4 OF THE NW/4 OF SAID SECTION 15 A DISTANCE OF 1,326.10 FEET TO THE TRUE POINT OF BEGINNING;

AND FURTHER EXCEPTING THEREFROM THAT CERTAIN PARCEL HERETOFORE CONVEYED BY WARRANTY DEED DATED JULY 10, 1969, AND RECORDED SEPTEMBER 12, 1969 IN BOOK 615 AT RECEPTION NO. 1536728 OF THE WELD COUNTY RECORDS, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

A TRACT OF LAND LOCATED IN THE NE/4NW/4 OF SECTION 15, TOWNSHIP 5 NORTH, RANGE 65 WEST OF THE 6<sup>TH</sup> P.M., WELD COUNTY, COLORADO AND BEING MORE FULLY DESCRIBED AS FOLLOWS:



BEGINNING AT THE SOUTHEAST CORNER OF THE NE/4NW/4 OF SAID SECTION 15 AND CONSIDERING THE SOUTH LINE OF THE NE/4NW/4 OF SAID SECTION 15 TO BEAR SOUTH 89°56'00" WEST AND WITH ALL OTHER BEARINGS CONTAINED HEREIN BEING RELATIVE THERETO;

THENCE SOUTH 89°56'00" WEST ALONG THE SOUTH LINE OF THE NE/4NW/4 OF SAID SECTION 15, 180.00 FEET;

THENCE NORTH 00°17'00" EAST, 801.64 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF COLORADO STATE HIGHWAY NO. 34;

THENCE SOUTH 45°15'00" EAST ALONG THE SOUTH RIGHT OF WAY LINE OF SAID COLORADO HIGHWAY NO. 34, 252.22 FEET;

THENCE SOUTH 00°17'00" WEST, 623.86 FEET TO THE POINT OF BEGINNING.

AND EXCEPT THAT PART CONVEYED TO WELD COUNTY BY DEED RECORDED FEBRUARY 1, 1926 IN BOOK 796 AT PAGE 57.

**PARCEL 2**

LOTS 1 AND 7 OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 15, TOWNSHIP 5 NORTH, RANGE 65 WEST OF THE 6<sup>TH</sup> PRINCIPAL MERIDIAN, ACCORDING TO THE SUBDIVISION OF LANDS BY THE UNION COLONY OF COLORADO, COUNTY OF WELD, STATE OF COLORADO.

**PARCEL 3**

LOT A, RECORDED EXCEPTION NO. 0961-15-2-RE 304 MARCH 14, 1978 IN BOOK 825 UNDER RECEPTION NO. 1747257, BEING A PART OF LOTS 1 AND 2 OF THE SE/4 OF THE NW/4 AND LOTS 1 AND 2 OF THE SW/4NW/4 OF THE NW/4 OF SECTION 15, TOWNSHIP 5 NORTH RANGE 65 WEST OF THE 6<sup>TH</sup> P.M., COUNTY OF WELD, STATE OF COLORADO, ACCORDING TO THE SUBDIVISION OF LANDS BY THE UNION COLONY OF COLORADO

EXCEPT A TRACT OF LAND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 15 AND CONSIDERING THE WEST LINE OF SAID QUARTER TO BEAR NORTH 00°00'00" EAST WITH ALL OTHER BEARINGS CONTAINED HEREIN RELATIVE THERETO;

THENCE NORTH 00°00'00" EAST, 120.50 FEET ALONG THE WEST LINE OF SAID NORTHWEST QUARTER;

THENCE NORTH 69°20'00" EAST, 32.06 FEET TO THE SOUTHWEST CORNER OF SAID LOT A AND THE TRUE POINT OF BEGINNING

THENCE NORTH 00°00'00" EAST, 181.28 FEET ALONG THE WEST LINE OF SAID LOT A;  
THENCE NORTH 90°00'00" EAST, 480.59 FEET TO A POINT ON THE NORTH BANK OF THE GREELEY IRRIGATION COMPANY CANAL;  
THENCE SOUTH 69°20'00" WEST, 513.64 FEET ALONG SAID NORTH BANK TO THE TRUE POINT OF BEGINNING.

## Vetting - Map of Surface

Section 15, Township 5N, Range 65W

Acreage: 36.2 acres

