

## **SURFACE USE AGREEMENT**

This Surface Use Agreement (the "Agreement") dated effective this 1<sup>st</sup> day of October, 2016 (the "Effective Date"), is entered into by and between K & H Ranches, a General Partnership ("Owner"), whose address is 404 Stagecoach Ln, Carbondale, CO 81623, and Caerus WashCo LLC, a Colorado Limited Liability Company ("Company"), whose address is 1001 17th St., Suite 1600, Denver, CO 80202. Owner and Company may be referred to individually as a "Party" and collectively as the "Parties."

### **RECITALS**

WHEREAS, Owner owns an interest in the surface estate of the following described tract of land (the "Property"):

Township 6 North. Range 61 West, 6th P.M.  
Section 1: All  
Section 12: NW/4  
Weld County, Colorado

WHEREAS, Company owns certain oil and gas leasehold rights in the following described tract of land (the "Leasehold"):

Township 6 North. Range 61 West, 6th P.M.  
Section 1: All  
Section 12: All  
Section 13: All  
Weld County, Colorado

Township 7 North. Range 61 West, 6th P.M.  
Section 36: All  
Weld County, Colorado

WHEREAS, Company desires the right to access the Property and use so much of the surface as is reasonably necessary to conduct oil and gas operations; and

WHEREAS, Company and Owner desire to enter into this Agreement to set forth the Parties' rights and obligations relating to Company's use of the Property for its Operations, provided that this Agreement is a supplement to, but not in derogation of, Company's existing oil and gas leasehold rights.

### **AGREEMENT**

NOW THEREFORE, in consideration of the compensation to be paid to Owner as described herein, and other good and valuable consideration, as well as the mutual promises and covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

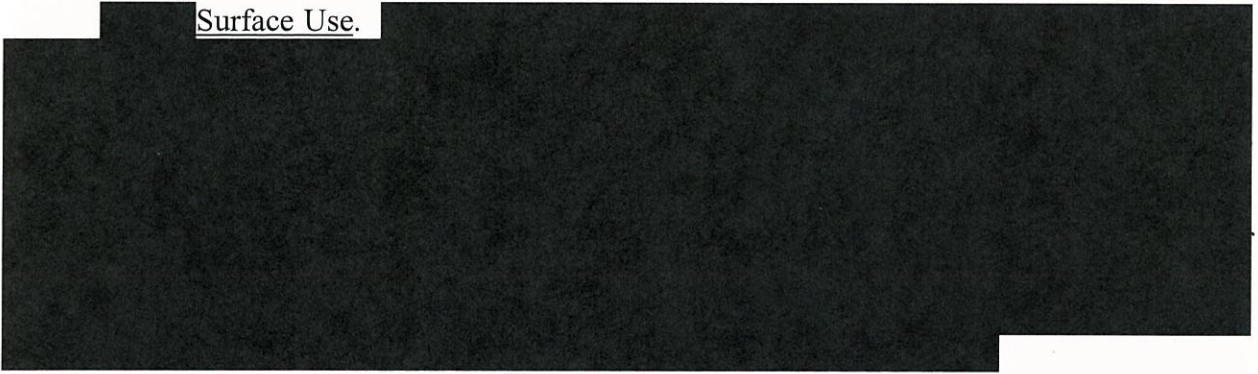
## **1. OIL AND GAS OPERATIONS**

Grant of Access.



## **2. SURFACE USE AND SUBSURFACE EASEMENT**

Surface Use.



Subsurface Easement.





[REDACTED]

[REDACTED]

### 3. RELEASE AND INDEMNIFICATION

[REDACTED]

[REDACTED]

[REDACTED]

### 4. GENERAL OPERATIONAL REQUIREMENTS

Use of Property. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

4.7 Well Location. Owner hereby authorizes Company to conduct Operations outside of a designated Greater Wattenberg Area ("GWA") as specified in COGCC rule 318A.a. Owner also agrees to grant to Company an exception under COGCC rule 318A.c. This exception is solely intended to minimize surface disturbance on Owner's lands while fully complying with Owner's wishes of this Agreement.

4.8 Notice of Commencement of Operations. Commencement of Operations involving heavy equipment is estimated to begin in the 3<sup>rd</sup> Quarter of 2017. Owner acknowledges that the notice provided by this paragraph shall satisfy all COGCC requirements that Owner be given advance notice by Company of the proposed Operations and Owner hereby waives the right to receive any other and/or future notice requirement of the COGCC, including without limitation the provisions and allowed waivers under COGCC rule 305. Owner acknowledges receiving from Company a brochure prepared by the COGCC which describes the rights and responsibilities of Owner as a surface owner. K&H will let me know here what to do.



4.9 **COGCC Consultation.** Additionally, Owner acknowledges and agrees that Company has consulted in good faith with Owner as to its proposed Operations, in accordance with COGCC requirements, or, in the alternative, hereby waives such requirements under COGCC rule 306. Owner expressly waives the application of any COGCC setbacks inconsistent with this Agreement. Regardless of Owner's waiver of any requirements under COGCC rule 306, Company agrees to reasonably consult with Owner regarding surface occupancy. The Parties further agree as follows:

[REDACTED]

[REDACTED]

[REDACTED]

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

4.11 **Notice of Agreement, Recording and Confidentiality.** 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. Further, Owner agrees that Company may record this Agreement (redacted as to any compensation amount) or a Memorandum of this Agreement. In addition, upon the request of Company, Owner shall execute and deliver to Company recordable easements, rights of way, or surface leases covering the rights granted herein for the well pads, access roads, or pipelines located within the OGOA and Easements. In the event this Agreement or a Memorandum is recorded, upon termination of this Agreement, Company shall record a termination and release of this Agreement. In all other respects, the provisions and terms of this Agreement shall be strictly confidential.

## 5. **MISCELLANEOUS**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5.15 Counterparts. This Agreement may be executed by the Parties in any number of counterparts, each of which shall be deemed an original instrument, but all of which together shall constitute but one and the same instrument. Electronically delivered signatures shall be considered binding and deemed to be original counterparts for all purposes.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year as written in the acknowledgements to be effective as of the Effective Date.

*Signatures on following page*



COMPANY:  
CAERUS WASHCo LLC

By: Matthew A. Wurtzbacher  
Printed Name: Matthew A. Wurtzbacher, President

OWNER:  
K & H RANCHES

By: Allen R. Koenke  
Printed Name: Allen R. Koenke, Managing Member

#### ACKNOWLEDGEMENTS

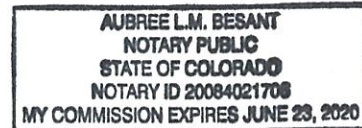
STATE OF COLORADO )  
 )ss.  
COUNTY OF DENVER )

The foregoing Surface Use Agreement was acknowledged before me this 24<sup>th</sup> day of October, 2016, by Matthew A. Wurtzbacher as President of Caerus WashCo LLC.

Witness my hand and official seal.

Aubree L.M. Besant  
Notary Public

My commission expires: June 23, 2020



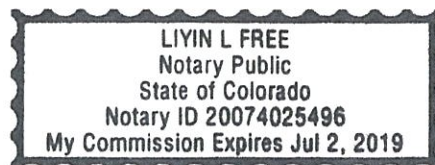
STATE OF Colorado )  
 )ss.  
COUNTY OF Garfield )

The foregoing Surface Use Agreement was acknowledged before me this 19<sup>th</sup> day of October, 2016, by Allen R. Koenke, Managing Member of K & H Ranches.

Witness my hand and official seal.

Liyin L. Free  
Notary Public

My commission expires: July 2, 2019



**Exhibit A**

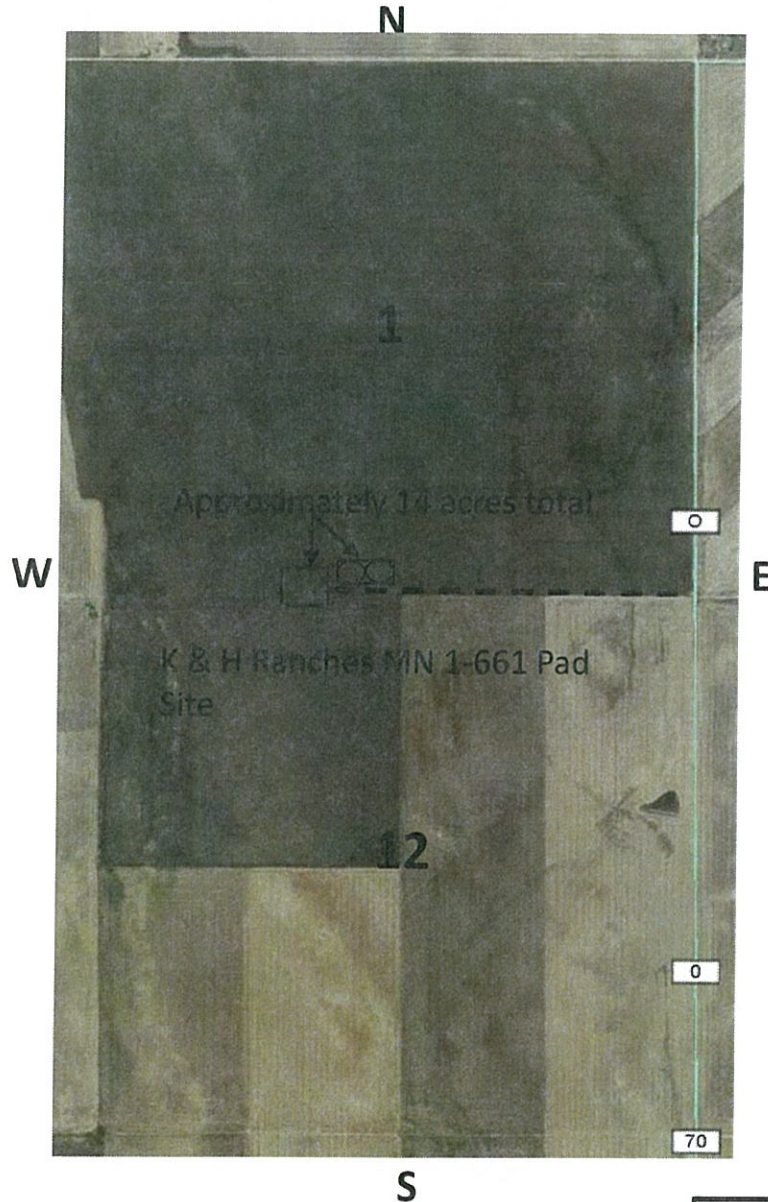
Attached to and by reference made a part of that certain Surface Use Agreement dated Oct 1st, 2016, by and between K & H Ranches, a General Partnership ("Owner") and Caerus WashCo LLC, a Colorado Limited Liability Company ("Company") covering the following lands (the "OGOA"):

Township 6 North, Range 61 West, 6<sup>th</sup> P.M.

Section 1: W/2, S/2S/2SE/4

Section 12: N/2NW/4

Weld County, Colorado



KEY	
Pad Location	
Road Access	
Flow Lines	
Tank Battery	