

MEMORANDUM OF AGREEMENT

This MEMORANDUM OF AGREEMENT (this "Memorandum") is to impart notice to all persons of exclusive Surface Use Agreement and Grant of Easement (the "Agreement") dated this 1st day of March 2017, by and between **Colin K. Jensen and Kathleen A. Jensen**, 44460 County Road 25, Pierce, CO 80650, as surface owner, and **Exterra Resources, LLC**, 475 17th Street, Suite 790, Denver, CO, 80202, as operator.

The surface estate subject to the Agreement is identified as follows:

Township 8 North, Range 66 West of the 6th P.M.

Section 19: Lot A of recorded Exemption No. 0553-19-3-RE3223, recorded March 29, 2002 as Reception No. 2937578, being a part of the West half of Section 19, Township 8 North, Range 66 West of the 6th P.M., County of Weld, State of Colorado

This Memorandum, the Agreement and all rights and covenants in connection therewith shall run with the land and shall be binding upon the parties hereto and their respective successors and assigns.

This Memorandum may be executed in multiple counterparts, each of which shall constitute an original and all of which, when construed together, shall constitute one and the same instrument.

Dated this 1st day of March, 2017.

OWNER:

OPERATOR:

Colin K. Jensen and Kathleen A. Jensen

Exterra Resources, LLC

By: Colin K. Jensen

By: David Huff

Name: Colin K. Jensen

Name: David Huff

Title: Owner

Title: Manager

By: Kathleen A. Jensen

Name: Kathleen A. Jensen

Title: Owner

ACKNOWLEDGEMENTS

STATE OF COLORADO §
§ss:
COUNTY OF WELD §

This instrument was acknowledged before me on the 1 day of March, 2017 by Colin K. Jensen and Kathleen A. Jensen, to me known to be the identical persons described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as there free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: December 17, 2017

[Signature]
Notary Public in and for the State of Colorado
Printed Name: Spencer A. Meister

SPENCER A. MEISTER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094012701
MY COMMISSION EXPIRES DECEMBER 17, 2017

STATE OF COLORADO §
§ss:
COUNTY OF Denver §

This instrument was acknowledged before me on the 1 day of March, 2017 by David Huff, as Manager of Exterra Resources, LLC, a Limited Liability Company, on behalf of said Exterra Resources, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: December 17, 2017

[Signature]
Notary Public in and for the State of Colorado
Printed Name: Spencer A. Meister

SPENCER A. MEISTER
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20094012701
MY COMMISSION EXPIRES DECEMBER 17, 2017

SURFACE USE AGREEMENT AND GRANT OF EASEMENT

THIS SURFACE USE AGREEMENT AND GRANT OF EASEMENT ("Agreement"), effective this 1st day of March, 2017, ("Effective Date") is made by and between **Colin K. Jensen and Kathleen A. Jensen**, 44460 County Road 25, Pierce, CO 80650 ("Owner"), and **Exterra Resources, LLC**, 475 17th Street, Suite 790, Denver, CO, 80202 ("Operator"), covering certain lands (the "Subject Lands") situated in Weld County, Colorado, described as follows:

Township 8 North, Range 66 West of the 6th P.M.

Section 19: Lot A of recorded Exemption No. 0553-19-3-RE3223, recorded March 29, 2002 as Reception No. 2937578, being a part of the West half of Section 19, Township 8 North, Range 66 West of the 6th P.M., County of Weld, State of Colorado

Owner and Operator are referred to herein individually as a "Party" and collectively as "Parties."

WITNESSETH:

WHEREAS, Owner is the surface owner in and to the Subject Lands,

WHEREAS, Owner desires to grant Operator the right to use so much of the surface as is reasonably necessary to explore for, produce and develop oil and gas from the Subject Lands along with the associated rights to the extent set forth herein; and

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements of the parties herein contained, and other good and valuable consideration, Owner hereby grants unto Operator an exclusive right of way and easement on, over, through, under and across that portion of the Subject Lands as depicted graphically on Exhibit A for the purpose of drilling wells on the Subject Lands, including vertical, directional and/or horizontal wells that produce from and drain all or portions of the Subject Lands and from other lands, surveying, seismic activity, stimulation, completion, operation, re-stimulation, re-completion, deepening, reworking, plugging and abandoning of wells, access, construction, operation, maintenance, repair and replacement of surface equipment related to such well(s) including but not limited to wellheads, associated production equipment, flowlines, compressors, fluid retention reservoirs, temporary above-ground water lines and completion fluid lines, subsurface flowlines, gathering lines and other pipelines, data transmission lines, electrical lines and related equipment (both subsurface and above-ground), construction maintenance and repair of access roads and any additional purposes that may be necessary to its operations on the Subject Lands, to the extent provided for on Exhibit A or as hereafter added to by subsequent written agreements by the parties hereto.

The parties further hereto agree as follows:

1. **Initial Operations Area.** Owner shall set aside and provide Operator, for Operator's exclusive use, that portion of the Subject Lands consisting of approximately 10.0 (ten) acres as depicted on Exhibit A attached hereto and made a part hereof, for the drilling and operation of oil and gas wells (the "Initial Operations Area"). The Initial Operations Area, including the access road depicted on Exhibit A, shall be made available to Operator in its present condition for any operations conducted by Operator. Owner shall not occupy or disturb any portion of the Initial Operations Area for any purpose. Nothing contained in this paragraph shall be construed as prohibiting Operator from exercising any right it has to use the surface of the Subject Lands outside of the Initial Operations Area for future oil and gas development pursuant to this Agreement to the extent mutually agreed in a writing setting forth such terms as are mutually agreed upon. The inclusion of Exhibit A to this Agreement shall not limit the parties existing rights under Colorado Law and neither shall it prevent the parties from adding additional areas for operations by Operator to construct additional locations, facilities, utility corridors and/or access roads on the Subject Lands pursuant to this Agreement.

2. **Subsequent Operations Area.** For the use of the surface of the Subject Lands outside of the Initial Operations Area for future oil and gas development pursuant to this Agreement, Operator shall consult with Owner and provide Owner a surface use plat for any Subsequent Operations Areas no later than thirty (30) days before Operator begins constructing the well pad, facility, utility corridors or access roads on the Subject Lands. The final Subsequent Operations Area(s) plat shall depict the total acres to be disturbed by the oil and gas location(s) on the Subject Lands, including new access roads.

3. **Compensation.** Operator shall compensate Owner for its use of the Subject Lands as set forth herein within thirty (30) days of the date of first construction of the well pad, facility or access road on the respective oil and gas location. Compensation shall be based upon a final surface plat and be paid in the following amounts:

- a. **One-time Payment.** Operator shall pay to the Owner a sum of [REDACTED] as a one-time payment for the full execution of this Agreement.
- b. **Wellsites.** Operator shall pay to the Owner a sum of [REDACTED] for the initial oil and gas well drilled in the Initial Operations Area and [REDACTED] per well for any additional wells drilled in the Initial Operations Area or any Subsequent Operations Area, as full consideration and settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Subject Lands that may occur as a result of Operator's operations on the Subject Lands, including but not limited to Operator's drilling, completion and production operations and any and all other reasonable and customary uses of the Subject Lands related to all such operations and activities except to the extent otherwise provided in this Agreement. For additional oil and gas wells, payment shall be made thirty (30) days prior to spud.
- c. **Access Road and Utility Corridor.** Whenever possible, Operator agrees to use existing roads for access to the Initial Operations Area or any Subsequent Operations Area for drilling, production or other activities on the Subject Lands. Operator shall pay the sum of [REDACTED] per acre as consideration for the construction, maintenance, and use of any access roads or utility corridors. Any access roads shall be no greater than a total of fifty feet (50') in width with a final constructed roadbed surface of no greater width than thirty feet (30'). The Access Road and Utility Corridor constructed by Operator shall be one hundred twenty-five feet (125') in width during construction. Operator will endeavor to minimize plant and vegetation destruction during construction and afterwards. The Access Road, pipelines and utilities (which includes one oil, and one gas pipeline, and one water pipeline, electric services, fiber optics and other utilities) shall fall within a final ninety foot (90') right-of-way corridor on the Subject Lands.
- d. **Additional Pipeline Easement and Right-of-Way.** Operator has a continuing right and entitlement to install, own, operate, maintain, repair and replace all flowlines, gathering lines, pipelines, electric power lines, data transmission lines and equipment that may be necessary or convenient to its operations on the Subject Lands. The right and authority of Operator hereunder may be exercised by its successors, assigns, licensees, contractors and permittees. Operator agrees that, whenever possible, Operator or another third party designated by the Operator will construct any pipeline and/or power lines within the Access Road and Utility Corridor, if one exists. If, in the reasonable discretion of Operator, Operator is unable to construct its pipelines and/or power lines in the said Access Road and Utility Corridor, Operator agrees to pay Owner the sum of [REDACTED] as consideration for a right-of-way and perpetual easement to lay, install, maintain, operate, replace, protect, repair, relocate, change and remove one or more pipelines, power lines, flow lines, and any appurtenances useful and incident to the operation and protection thereof, for the transportation of crude oil, natural gas, water, or any other like or unlike substances which may be moved by and through the pipelines, and/or flowlines, and appurtenances thereto, on over and through the Subject Lands. Said Easement shall not exceed sixty feet (60') in width without the express written consent of Owner, and Operator agrees to bury all pipelines to a minimum depth of thirty six inches (36") whenever reasonably practical to do so and to restore the surface over the same as nearly as possible to

its condition prior to the laying of the lines. In order to provide public notice of the existence of a pipeline, upon the request of the Operator, Owner agrees to execute a formal "Pipeline Right of Way Grant" to be recorded in the applicable county. Operator shall backfill, compact, reseed, and re-contour the area disturbed by Operator's construction, installation, repair, or removal of any power line or pipeline. Upon termination of this Agreement, Owner may, at its election, keep power lines in place.

- e. **Release of All Claims. Except for damages resulting from: (1) violations of this Agreement, (2) violation of COGCC Rules or regulation, and/or (3) from activities outside of permitted areas,** owner shall not be entitled to any additional payments from Operator and the payments provided herein shall be full consideration and final settlement and satisfaction for any and all detriment, depreciation, injury or damage of any nature to the Subject Lands that may occur as a result of Operator's operations on the Subject Lands, including, but not limited to Operator's drilling and completion operations, its continuing activities for the production and transportation of oil, gas and other hydrocarbons, water or products associated with such operations and activities, use of the surface of the Subject Lands, ingress, egress, access roads, mud and reserve pits, wellhead equipment, separators, tank batteries, wellhead compression, pipeline interconnections, electrical lines and equipment, and any and all other reasonable and customary uses of the Subject Lands related to all such operations and activities.

4. **Waivers.**

a. Owner hereby waives the following notices required by the Colorado Oil and Gas Conservation Commission ("COGCC") and any 30-day comment periods attributable thereto:

- 1) COGCC Rule 305.a.(2) Pre-Application Notification to Surface Owner
- 2) COGCC Rule 305.c.(1) Completeness Determination and Comment Period Notifications/OGLA Notice to Surface Owner
- 3) COGCC Rule 305.f. Statutory Notice to Surface Owner
- 4) COGCC Rule 306.a. Consultation and Meeting Procedure for Surface Owners

b. Owner acknowledges and agrees that Operator has consulted in good faith with Owner as to its proposed operations, in accordance with COGCC notice requirements, or hereby waives such requirements. Owner waives its right to object to setback locations in the Initial Operations Area. Operator may cite the waiver in this paragraph in order to obtain an exception location within the Initial Operations Area or similar variance under COGCC rules or from any other state or local governmental body.

c. Operator will provide Owner with the COGCC Form 2A ("Oil and Gas Location Assessment") for the well(s) when submitted to the COGCC, and Operator undertakes to ensure that said Form 2A accurately reflects the provisions of this Agreement.

c. Owner agrees not to object to said Form 2A, so long as it is consistent with this Agreement, and hereby waives any right granted by COGCC rule to comment on said Form 2A, to request an extension of the comment period, to request an onsite inspection pursuant to COGCC policy, or to appeal the approval and issuance of the Form 2A, and any related Form 2 (Application for Permit to Drill).

d. Owner shall not oppose Operator in any agency or governmental proceedings, including but not limited to the COGCC or local government with jurisdiction over the Subject Lands, related to Operator's operations on the Subject Lands, including, but not limited to permitting, formation of drilling units, well spacing, drilling, workovers, well deepening and recompletions.

5. **Fences and Reclamation.** Operator shall install fences around any dangerous areas, including any pits, where Operator drills any new wells or operates a facility. The Access Road, Initial Operations Area and any pipeline easements shall be fenced with construction Fence during construction and 4 wire barb wire fence thereafter, with solid posts every 16 feet more or less, with a wooden fence of greater than 4 inch diameter every third post. Operator shall reclaim and restore all areas disturbed by Operator's operations as near as practical to their original condition within twelve (12) months after termination of activities at the site or right-of-way. Operator agrees to notify and consult with Owner prior to cutting or damaging any fences, cattle guards, or other improvements of Owner. All areas disturbed by Operator's activities will be reseeded unless otherwise agreed by Owner.

6. **Maintenance and General Operations.** Operator shall at all times keep the well sites, road rights-of-way, facility locations, and other areas disturbed by Operator, safe and in good order, free of noxious weeds, litter, and debris. Subject to Weld County approval, Operator shall maintain and repair that portion of County Road 25 between County Road 90 and to the road approach leading into the Subject Lands for all damages relating to Operator's activities. Operator shall dispose of all litter, sewage, and debris off of Owner's property at a legal disposal site. Using reasonable efforts, Operator shall not allow or permit erosion to continue on any disturbed sites and shall promptly repair, reclaim and reseed all erosion sites. Operator shall not permit the release or discharge of any toxic or hazardous chemicals or wastes on the Lands. All cattle guards and fences installed by Operator shall be kept clean and in good repair.

7. **Conduct of Operations.** Operator shall conduct its operations on the Subject Lands in accordance with the rules and regulations promulgated by the COGCC, and other State or Federal agencies having jurisdiction.

8. **Safety and Environmental Issues.** Operator retains liability for all environmental clean-up and remediation necessitated by spill, leakage or introduction by means of hazardous and toxic compounds or chemicals to the soil or water as a result of its operations or negligence and will pay for all costs associated with such cleanup. This clause shall survive termination of this Agreement.

9. **Full Compensation.** Except as otherwise provided in this Agreement, the compensation provided herein to be paid by Operator to Owner shall release and discharge Operator, its agents and employees from all claims, losses, demands and causes of action for damage to land, loss of and damage to crops, and use of land, hereafter arising as a result of Operator's drilling, producing and marketing operations on the Subject Lands, so long as such operations are conducted in accordance with this Agreement. Notwithstanding Owner's release of Operator from damage claims, Operator shall promptly repair, or compensate Owner for, damage to personal property or to improvements on the Subject Lands, such as damage to buildings, fences, gates, culverts and livestock, or for other such extraordinary losses or damages caused by Operator.

10. **Indemnity.** Owner agrees to account to any lessee or other party who may be entitled to any portion of the aforementioned sum, and to indemnify and hold harmless Operator, its agents, contractors, or employees from any claim of entitlement therefor. Operator hereby agrees to relieve, release, indemnify, and hold harmless Owner from any action, claim, or demand for damage to any person or property arising out of use of the Subject Lands for operations by Operator, its agents, contractors, or employees for damages proximately caused by Operator, its agents, contractors, or employees, except where such action, claim, or demand results from the gross negligence or willful misconduct of Owner, its agents, contractors, or employees.

11. **Governing Law.** This Agreement shall be subject to, and construed under, the laws of the State of Colorado, without regard to its conflict of law provisions, and jurisdiction and venue shall be solely in the State District Court of Weld County, Colorado, subject to the right of either party to remove a matter to federal court.

12. **Assignment.** The rights of Operator under this Agreement may be assigned, in whole or in part, without the prior written consent of Owner. Any such assignment shall release and relieve Operator of all liabilities, responsibilities and obligations under this Agreement.

13. **Covenants Running with the Land.** The terms and provisions of this Agreement are covenants running with the Subject Lands and shall be binding upon and inure to the benefit of the Parties, and their respective heirs, executors, administrators, legal representatives, successors and assigns.

14. **Breach or Default.** No action shall be initiated by Owner with respect to a breach or default by Operator hereunder, for a period of at least ninety (90) days after Owner has given Operator written notice as provided herein, fully describing the breach or default, and then only if Operator fails to remedy or commence to remedy all or any part of the breach or default within such period. Neither the service of said notice nor the doing of any acts by Operator aimed to meet all or any part of the alleged breach or default shall be deemed an admission or presumption that Operator has failed to perform all of its obligations hereunder. The prevailing Party for any matter requiring judicial resolution in connection with the arbitration shall be entitled to recover reasonable costs and attorneys' fees from the non-prevailing Party.

15. **Memorandum.** Concurrent with the execution hereof, the parties shall execute a Memorandum of Agreement in substantially the form set forth on Exhibit "B" to be recorded in Weld County, Colorado to impart constructive notice of the existence of this Agreement.

16. **Severability.** In the event that any provision of this Agreement is deemed invalid or void by any court of competent jurisdiction or cannot be performed, the same shall be deemed severable from the remainder of this Agreement and shall in no way affect any other provision of this Agreement. If any provision of this Agreement shall be deemed invalid due to scope or breadth, then such provision shall be valid to the extent and scope permitted by applicable law.

17. **Entire Agreement.** This Agreement constitutes the full and final agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements, representations or understandings, whether written or oral, and this Agreement may be modified or amended only in a writing signed by the Parties.

18. **Authority to Execute Agreement.** Each Party represents that it has the full right and authority to enter into this Agreement with respect to the surface rights or oil and gas interests it owns in the Subject Lands, as applicable.

19. **Notification.** Any notice or other communication given by either Party to the other relating to this Agreement shall be in writing, and shall be delivered in person, sent by certified mail, return receipt requested, or sent by reputable overnight courier, to such other Party at the respective addresses set forth in this Agreement (or at such other address as may be designated from time to time by written notice given in the manner provided in this Agreement). Such notice shall, if hand delivered or personally served, be effective immediately upon receipt. If sent by certified mail, return receipt requested, such notice shall be deemed given on the third business day following the deposit in the United States mail, postage prepaid and properly addressed; if delivered by overnight courier, shall be deemed effective on the first business day following deposit with such courier:

If to Owner:

**Colin or Kathleen Jensen
44460 County Road 25
Pierce, CO 80650**

If to Operator:

**Exterra Resources, LLC
Attn: David Huff, Manager
475 17th Street, Suite 790
Denver, CO 80202**

20. **Termination of Rights.** This Agreement shall remain in full force and effect from the Effective Date, and for so long thereafter as any oil and gas lease owned by Operator covering all or any portion of the Subject Lands remains valid from production from the Subject Lands or from production from lands pooled or unitized with the Subject Lands, and for so long thereafter as Operator conducts oil and/or gas operations upon the Subject Lands or lands pooled or unitized therewith. If all oil and/or gas wells on the Subject Lands are permanently plugged and abandoned and the related rights-of-way and easements are not used by Operator for a period of more than twelve (12) months, then said rights-of-way and easements shall terminate and all rights herein granted will automatically revert to Owner, its successors and assigns, and Operator shall have a period of six (6) months from and after the date of such termination in which to remove, at its sole cost, risk, and expense, all of its personal property and equipment located on the Subject Lands, and Operator shall thereafter restore the Subject Lands as near to its former condition as is reasonably practical in accordance with the requirements of the COGCC. In the event any oil and/or gas wells are not permanently plugged and abandoned, but are only temporarily abandoned for further evaluation or for any other reason, then all of the terms and conditions of this Agreement shall remain in full force and effect.

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

22. **Construction.** In construing this Agreement, no consideration shall be given to the fact or presumption that one party has had a greater or lesser hand in drafting this Agreement than any other party.

23. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[Signature page follows]

IN WITNESS WHEREOF, this instrument is executed, to be effective as of the Effective Date.

OWNER:
Colin K. Jensen and Kathleen A. Jensen

OPERATOR:
Exterra Resources, LLC

By: *Colin K. Jensen*
Name: Colin K. Jensen
Title: Owner

By: *David Huff*
Name: David Huff
Title: Manager

By: *Kathleen A. Jensen*
Name: Kathleen A. Jensen
Title: Owner

ACKNOWLEDGEMENTS

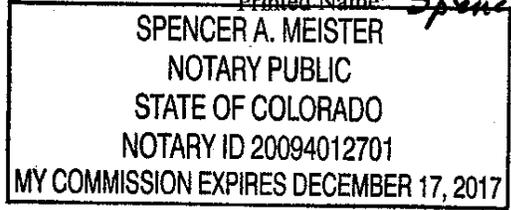
STATE OF COLORADO §
§ss:
COUNTY OF WELD §

This instrument was acknowledged before me on the 1 day of March, 2017 by Colin K. Jensen and Kathleen A. Jensen, to me known to be the identical persons described in and who executed the within and foregoing instrument of writing and acknowledged to me that they duly executed the same as there free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: December 17, 2017

Spencer A. Meister
Notary Public in and for the State of Colorado
Printed Name: Spencer A. Meister



STATE OF COLORADO §
§ss:
COUNTY OF Denver §

This instrument was acknowledged before me on the 1 day of March, 2017 by David Huff, as Manager of Exterra Resources, LLC, a Limited Liability Company, on behalf of said Exterra Resources, LLC.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year last above written.

My Commission Expires: December 17, 2017

Spencer A. Meister
Notary Public in and for the State of Colorado
Printed Name: Spencer A. Meister

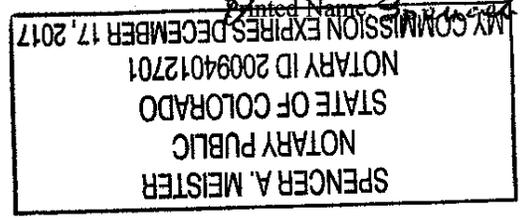
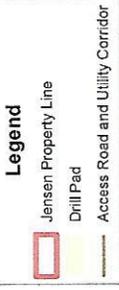
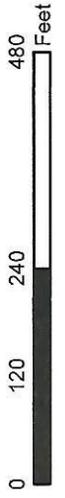


Exhibit A Initial Operations Area



JGIS_Projects\DJ_Basin\FACILITIES\UA_FLATS\Jensen_14esPad_19-T8N-R66W\4ers_Jensen_Sect19-3N-66W_NORTH.mxd

6/19/17
 Colin D. Jensen
 Kathleen A. Jensen 6-19-17



SESW, Sec. 19, T8N, R66W, 6th P.M.
 Weld County, Colorado