RESOLUTION NO. 2017-186

A RESOLUTION AUTHORIZING AND APPROVING AN AMENDED AND RESTATED OIL AND GAS OPERATOR AGREEMENT, A SURFACE USE AGREEMENT AND A SETTLEMENT AGREEMENT WITH EXTRACTION OIL & GAS, INC.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY AND COUNTY OF BROOMFIELD, COLORADO:

Section 1. The Amended and Restated Oil and Gas Operator Agreement, the Surface Use Agreement, and the Settlement Agreement (the "Extraction Agreements"), all between The City and County of Broomfield and Extraction Oil and Gas, Inc., attached hereto, are hereby approved.

Section 2. The Mayor or Mayor pro tem is hereby authorized to sign and the City and County Clerk is authorized to attest the Amended and Restated Oil and Gas Operator Agreement, the Surface Use Agreement, and the Settlement Agreement, in form approved by the City and County Attorney.

Section 3. The City and County Manager is authorized to execute the agreements or approvals described within the Extraction Agreements as necessary to complete the formal transfer of certain property rights described within the form agreements set forth as exhibits or annexes to the Extraction Agreements, provided that said agreements or approvals are consistent with the terms of the Extraction Agreements and are approved as to form by the City and County Attorney.

Section 4. This resolution is effective upon its approval by the City Council.

APPROVED on October 24, 2017.
AMENDED AND RESTATE OIL AND GAS OPERATOR AGREEMENT

THIS AMENDED AND RESTATE OIL AND GAS OPERATOR AGREEMENT (the “Agreement”) is made and entered into this 24th day of October, 2017, by and through Extraction Oil & Gas, Inc., 370 17th Street, Suite 5300, Denver, CO 80202 (the “Operator”), and the City and County of Broomfield, Colorado (“City”) with an address of One DesCombes Drive, Broomfield, Colorado 80020, which may be collectively referred to herein as the “Parties”, or individually as a “Party”.

WHEREAS, Operator engages in the exploration, development, production and marketing of natural gas, oil and natural gas liquids, including in Broomfield, Colorado;

WHEREAS, Operator represents and warrants that, as of January 1, 2015, it is the successor-in-interest to Sovereign Operating Company, LLC (“Sovereign”) with respect to those oil and gas operations subject to the Oil and Gas Operator Agreement, dated August 27, 2013, recorded at Reception No. 2013015088 (the “Operator Agreement”);

WHEREAS, a Supplement to the Oil and Gas Operator Agreement was executed by the Parties on June 14, 2016, effective August 27, 2013, and recorded at Reception No. 2016007563. The Oil and Gas Operator Agreement and the Supplement to the Oil and Gas Operator Agreement is referred to herein as the “Operator Agreement, as Supplemented”;

WHEREAS, the Parties agree that Operator’s rights and duties set out in the Operator Agreement, as Supplemented have been and remain vested as determined by the Court in Sovereign Operating Co. LLC v. City and County of Broomfield, Case No. 2014CV30092 and that the Operator Agreement, as Supplemented remains in full force and effect;

WHEREAS, Operator is also the successor-in-interest to the Surface Use Agreement (the “SUA”) between the City and Noble Energy, Inc., approved by the City on November 13, 2012, and recorded at Reception No. 2012014944 and is the successor-in-interest to a Use by Special Review Permit that was approved by the City on July 12, 2011 and recorded at Reception No. 2011006781;

WHEREAS, the Parties agree that the Parties each have rights and duties set forth in the SUA, which are also fully vested and may not altered or diminished without express agreement between the Parties;

WHEREAS, the City and Operator value a balanced approach to oil and gas development that is protective of public health, safety, and welfare, including the environment and wildlife
resources. To that end, in order to achieve those goals in a cooperative manner, the City and the Operator enter into this Agreement pursuant to Chapter 1-54 of the Broomfield Municipal Code ("BMC") allowing for this Agreement to adopt the best management practices set forth in Exhibit B (hereinafter referred to as "BMPs") for Operator’s oil and gas operations at the Well Sites set forth on Exhibit A;

WHEREAS, Operator agrees to limit any New Wells to the Well Sites as set forth in Exhibit A;

WHEREAS, in accordance with state law and this Agreement, Operator commits to plug and abandon certain older wells in Broomfield that are described in Exhibit C;

WHEREAS, the Colorado Oil and Gas Conservation Act, C.R.S. § 34-60-101 et. seq. (the "Act"), authorizes the Colorado Oil and Gas Conservation Commission (the "COGCC" or the "Commission") to adopt statewide rules and regulations and amend existing rules and regulations or promulgate new rules and regulations;

WHEREAS, the Colorado Air Pollution Prevention and Control Act APPCA, C.R.S. § 25-7-128, authorizes the Colorado Department of Public Health and the Environment (the "CDPHE") to adopt emission control regulations for significant sources of air pollutants. CDPHE has promulgated specific emission control requirements for oil and gas facilities and it is anticipated that CDPHE will propose and adopt revisions to these requirements over time; and

WHEREAS, the APPCA, C.R.S. § 25-7-128, authorizes local governments to enact local air pollution resolutions or ordinances which may be the same as, or more restrictive than, state emission control regulations.

NOW THEREFORE, in consideration of the covenants and mutual promises set forth in this Agreement, including in the recitals, the Parties agree as follows:

1. **Effective Date/Term.** This Agreement will be effective upon City Council’s approval by resolution and signature by both Parties (the "Effective Date"), and will continue in effect as long as the Operator has operations or owns or controls wells at the Well Sites or unless otherwise terminated by law (the "Term").

2. **Prior Agreements.** The Parties agree that Extraction’s contract rights, as set forth in the Operator Agreement, as Supplemented, are vested as determined by Court Order, Sovereign Operating Co. LLC v. City and County of Broomfield, Case No. 2014CV30092. The Parties also agree that the SUA protects the City’s property interests related to a proposed reservoir, as set
forth in the SUA. Without extinguishing the Parties’ rights and obligations as set forth in the SUA and the Operator Agreement, as Supplemented, the Parties are amending and restating the rights and obligations of those two agreements in their entirety as set forth in this Agreement.

3. **The City’s Property Rights under the SUA.** The Parties agree that the City owns property described in Exhibit 1 of the SUA, upon which the City proposes to construct a reservoir (the “Property”). Pursuant to paragraph 1 of the SUA, the Operator’s surface use of the Property for any oil and gas operations is limited to the two locations set forth in the SUA. The Parties agree that those two locations will be replaced by the Livingston Pad set forth on Exhibit A. Any further change to the size or location of the Operator’s surface use of the Property shall require the mutual consent of the Parties. Pursuant to paragraph 2 of the SUA, the Operator acknowledges and agrees that it has relinquished all drill site surface locations within the Property, except for the Livingston Pad. The Operator also agrees that it is bound by the Agreement Concerning Certain Mineral Rights, dated November 13, 2012, between Anadarko Land Corp. and the City.

4. **New Wells and Well Sites.** The Parties agree that the New Wells and the Well Sites will be subject to the terms of this Agreement. “New Well” shall mean any Operator-operated well spudded during the Term of this Agreement within the City, including any production facilities directly associated with such well, insofar as the production facilities and surface of the well are located on a surface location within the City limits, as constituted as of the date of this Agreement. For purposes of this Agreement, a New Well shall not include the re-entry of a previously drilled well. The Parties agree that Operator’s future development of New Wells in the City will be limited to the six pad sites identified and depicted on Exhibit A (the “Well Sites”), and no New Wells will be drilled from the surface of any other area within the City. The Operator is responsible for obtaining surface use rights to all Well Sites. As long as Operator is in compliance with this Agreement, Operator may perform all surface and downhole well maintenance and operations on the New Wells and Wells Sites that the Operator deems prudent and necessary.

5. **Limitation on Number Wells.** The Operator agrees that it will drill no more than 84 New Wells on the Well Sites, up to a number of New Wells on each Well Site as follows: 19 New Wells on the Livingston Pad; 8 New Wells on the Northwest A Pad, 8 New Wells on the Northwest B Pad, 16 New Wells on the United Pad, 16 New Wells on the Interchange A Pad and 17 New Wells on the Interchange B Pad.

6. **The Operator’s Best Management Practices at the Well Sites.** The Operator shall comply with all applicable state and federal laws and regulations. The Operator agrees to employ the BMPs on all New Wells and at all Wells Sites. The Operator agrees to include the BMPs on all
Applications for Permit-to-Drill, Form 2 ("Form 2"), and all Oil and Gas Location Assessments, Form 2A ("Form 2A"), submitted to the COGCC for any New Wells or Well Sites. The Parties agree that these BMPs, along with the requirements of this Agreement, meet the requirements of BMC section 17-54-200(A)(3) and that Operator has complied with the meeting and notice requirements of BMC section 17-54-200(B)(1) and (2).

7. **Facilities.** For any Facility owned by the Operator and existing prior to the Effective Date and located within the City limits, the Parties hereby agree that the Operator may perform maintenance or facility update operations on said Facility and perform such operations the Operator deems prudent and necessary. "Facility" for purposes of this Agreement shall include wells, flowlines, storage, metering, and all equipment necessary and appurtenant to such wells and pipeline. Operator agrees to conduct such operations as a prudent operator in accordance with the rules and regulations of the COGCC.

8. **Plugging and Abandonment of Wells.** In accordance with state law and this Agreement, Operator shall plug and abandon all of the wells shown on Exhibit C ("P&A Wells"). The Operator shall properly drain and decommission in accordance with City and COGCC rules and regulations all flowlines and pipelines associated with each P&A Well, unless the applicable surface owner or surface use agreement requires measures to be taken that differ from COGCC rules and regulations, and shall remove all facilities related to the P&A Wells. The plugging and abandoning of a particular P&A Well shall commence within sixty (60) days following the commencement of production from a New Well located in each of the drilling and spacing units encompassing the leasehold originally drilled by such P&A Well. The Operator shall conduct soil and, if encountered, groundwater testing after plugging and abandoning the P&A Well and submit the results to the City. The Operator shall remediate any contamination pursuant to COGCC regulations indicated by said soil and groundwater tests. Except as required by the BMPs, no further testing will be required unless remediation is required. Operator agrees that any well that Operator plugs and abandons, either before or after the Effective Date, may not be re-entered by Operator.

9. **Comprehensive Drilling Plans and Applications.** By no later than 30 days before the submission of a COGCC Form 2 and/or Form 2A for any New Well or Well Site, the Operator shall submit a Comprehensive Drilling Plan and Application for such New Wells or Well Sites for review and approval by the City. The Comprehensive Drilling Plan shall include the following, unless previously provided by the Operator to the City:

   (A) A detailed site plan for all Well Sites that includes all documents required to be submitted with COGCC Form 2A, a depiction of all visible improvements within 500 feet of the proposed location, to include buildings, residences, public roads
and trails, major aboveground utilities, railroads, pipelines, mines, oil/gas/injection/water/plugged wells, water bodies, etc. as required by COGCC Rules, and the site plan requirements of the Broomfield Municipal Code, as amended;

(B) A site plan for site preparation, mobilization and demobilization;

(C) Project schedules for all phases, including site construction, pipeline construction, drilling, completions (broken down into activity-based components), commissioning, operations, reclamation and abandonment;

(D) A plan for interim reclamation and revegetation and final reclamation for all Well Sites;

(E) Noise Impact Mitigation Plan;

(F) Lighting Plan;

(G) A Traffic Management Plan;

(H) A list of permits requested, including any exceptions or variances that Operator is aware of needing at the time;

(I) Air Quality Impact Mitigation Plan;

(J) Emergency Response Preparedness Plan;

(K) Facility baseline surveys for air quality, noise and traffic;

(L) Facility emissions inventories and air quality impact studies for drilling, completions and operations phases, based upon proposed equipment use;

(M) Facility noise modeling of equipment proposed for the site for drilling, completions and operations phases;

(N) Hazardous Materials Management Plan;

(O) Waste Management Plan;

(P) Water Quality Plan;

(Q) Stormwater Management/Erosion Control Plan;

(R) Risk Management Plan;

(S) Grading, Drainage, Dust Mitigation, & Erosion Control Plan;

(T) Wetlands Protection Plan;

(U) Electrification Plan;

(V) Visual Mitigation Plan; and

(W) A summary of the outcome of the alternative site analysis.

All plans shall comply with the requirements set forth in Exhibit B. The Parties agree that Operator has had substantial engagement with the City with respect to its development plans. The Parties agree that, by submitting a Comprehensive Drilling Plan or Plans addressing all Well Sites, the Operator has complied with the City’s administrative process and such Plans are subject to the City’s administrative approval, which shall not be unreasonably withheld or delayed. At the time the Operator files any Form 2 or Form 2A for a New Well or Well Site, the
Operator will provide the City a copy of such filings and shall provide the City with notification of any decision with respect to any Form 2 or Form 2A for a New Well or a Well Site and Operator’s best estimate as to when the Construction Phase for such New Well or Well Site will begin.

10. **Development Schedule.** The Operator has provided a summary of planned operations and operational timeline to the City. The Operator agrees that the first Well Site where drilling shall be conducted shall be at either the Interchange A Pad or the Interchange B Pad (the “Initial Well Site”) and that at least eight (8) New Wells (the “Initial Wells”) shall be drilled at such Well Site before drilling can commence at any other Well Site. The Operator also agrees that it will finish the Completion Phase for the Initial Wells before commencing the Completion Phase at any other Well Site. The Operator and City agree that Operator shall not be permitted to commence drilling at a Well Site later than December 31, 2022.

11. **Approved Water Storage Site.** “Approved Water Storage Site” means the Weber H Unit I Well Pad, which was approved by the City on February 12, 2013 for a use by special review permit by Resolution No. 2013-22. Operator is permitted to use the Approved Water Storage Site for fresh water storage. Fresh water will be transported via pipeline from the Approved Water Storage Site to each of the Well Sites for use during hydraulic fracturing and completions operations. The City will grant underground and surface pipeline right-of-way or licenses as necessary for the transportation of water to and from the Approved Water Storage Site. At the completion of Operator’s plan of development, Operator will remove the water tanks and plug and reclaim the existing well at the Approved Water Storage Site in accordance with state law and regulations and the Broomfield Municipal Code.

12. **City Administrative Approvals.** The Operator shall not be required to obtain from the City Council any use by special review approvals or any other approvals for any New Wells subject to the terms and conditions of this Agreement, as long as the Operator complies with the terms and conditions contained herein. The City shall issue administrative approvals, by the City Manager or his designee, for the operations allowed for by this Agreement, in accordance with the procedures set forth in this Agreement and Chapter 17-54 of the Broomfield Municipal Code, if such operations comply with the requirements of this Agreement, including the BMPs set forth on Exhibit B. So long as the Operator complies with the terms and conditions of this Agreement, (i) the City agrees that it shall not protest, request a hearing, oppose or object in any forum to any permits, applications or similarly related approvals related to the Operator’s oil and gas operations subject to this Agreement, (ii) the City shall provide written approvals and grant any waivers or variances that are reasonably requested by Operator related to the oil and gas operations subject to this Agreement, and (iii) Operator shall not be required to submit any minor variances or amendments to the proposed plan of operations so long as the Operator provides
notice to the City and such minor variances or amendments comply with the requirements of this Agreement, the Broomfield Municipal Code and COGCC rules and regulations.

13. **Pipelines and Flowlines.** The Operator agrees to utilize pipelines in accordance with Exhibit B (including Section 3 thereof), to be built in compliance with and using the specifications set forth on Exhibit D, at the locations set forth on Exhibit E as the “Pipeline Route”. Operator shall provide the City with an as-built facilities map, as required by Section 19(B) of Exhibit B, which map shall automatically be incorporated into this Agreement and the Easement Grants, which form of agreement is attached as Exhibit F. Notwithstanding the foregoing, if after reasonable efforts the Operator and the City have not secured all right-of-way, crossings, common use agreements, easements or other similar rights (the “ROW”) to utilize the Pipeline Route by February 15, 2018, the City shall provide or procure by March 1, 2018 the ROW necessary to connect “Point A” and “Point B” as depicted on Exhibit E, as well as all of the Well Sites, including by use of some or all of the “Acceptable Alternative Routes” set forth on Exhibit E. The Parties shall execute the necessary Easement Grants consistent with the form attached as Exhibit F in order to accomplish the foregoing.

Locations of flowline and pipeline easements may be changed by mutual written agreement of the City and Operator with each Party’s consent not to be unreasonably withheld. The initial cost of installing pipelines and flowlines and of maintaining such easements shall be borne by the Operator. All costs and expenses of relocating pipelines and flowlines shall be borne by the Operator, unless such relocation is requested by the City, in which case the cost of the relocation of the pipeline or flowline shall be paid by the City. In the event that the City requests the relocation of a pipeline or flowline, the Operator shall provide the City with a written estimate of the relocation costs which the City shall thereafter remit within forty-five (45) calendar days from the date it receives the relocation cost estimate from the Operator. The payment shall be adjusted up or down, based on actual costs, upon completion of the work and after an itemized statement is provided to the City. In the event that Operator relocates an access road, pipeline or flowline causing damage to improvements owned by the City, the Operator shall promptly reimburse the City for such damage upon receipt of an itemized statement that documents the cost to repair the damage; provided that, such reimbursement shall be received by the City no later than forty-five (45) calendar days from the date of the itemized statement. If the City requests a relocation of a pipeline, the City will provide an alternative route to Operator and will grant the Operator the necessary time to construct and tie in to the new pipeline.

14. **Surface Use.** The Parties agree that the Surface Use Agreement, attached as Exhibit H, governs the Operator’s use of the City’s property, including access roads. Except as provided herein, these agreements replace any prior agreements with the City regarding surface use. The Parties shall execute the necessary Easement Grants consistent with the form attached as Exhibit
F. Operator shall comply with the applicable provisions of the Broomfield Standards and Specifications, as adopted by BMC section 14-04-010, with respect to those Broomfield Standards and Specifications that address public/private improvement permits and grading permits, as the same may be amended from time to time.

15. **Future Regulations.** The City reserves the right in the future to enact and apply prospectively regulations that are general in nature and that are applicable to all commercial and industrial operations in the City, even though such regulations may be more or less stringent than the standards applicable to the Well Sites by virtue of this Agreement; provided that such regulations are not preempted by state law. Nothing in this Agreement affects the City’s ability to in the future impose a transportation impact fee on the Operator, to the extent that such fees are applicable to all commercial transportation originating or terminating in the City.

16. **Force Majeure.** Neither Party will be liable for any delay or failure in performing under this Agreement in the event, and to the extent, that the delay or failure arises out of causes beyond a Party's control, including, without limitation, war, civil commotion, act of God, moratorium, ban, governmental act, strike or other stoppage (whether partial or total) of labor, any law, decree, regulation or order of any government or governmental body (including any court or tribunal), or inability to obtain permits, licenses, consents, easements, or rights of way, despite a Party's commercially reasonable efforts to fulfill its obligations under this Agreement. For purposes of this paragraph, the requirement that a Party exercise commercially reasonable efforts to fulfill its obligations includes using commercially reasonable efforts to anticipate any potential Force Majeure and commercially reasonable efforts to address the effects of any Force Majeure as it is occurring and following the potential Force Majeure, such that delay and any adverse effects of the delay are minimized to the greatest extent possible. For purposes of this Agreement, a "Force Majeure" does not include the financial inability, for any reason, to perform an obligation. A Party who asserts a claim of Force Majeure shall take all commercially reasonable measures to minimize the effects of such Force Majeure occurrence upon the Party's obligations under this Agreement. If any event occurs or has occurred that may cause a delay or failure in performance of an obligation under this Agreement for which a Party intends to assert a claim of Force Majeure, such Party shall give timely and reasonably detailed written notice and explanation to the other party of the Force Majeure event. It is agreed that, upon the affected Party's giving such notice to the other Party, the obligation of the Party giving such notice, so far as it is affected by such condition or event, shall be suspended and any time periods shall be extended for a period equal to the period of the continuance of the event or condition.

17. **Authority to Execute Agreement.** Each Party represents that the undersigned individuals have the full right and authority to enter into this Agreement and bind the Parties to the terms and
conditions contained herein. This Agreement may be amended only by an instrument executed by both Parties.

18. **Assignment.** Pursuant to Broomfield Municipal Code section 17-54-230, this Agreement may be assigned to another operator only with the prior written consent of the City Manager and upon a showing to the City that the Assignee can and will comply with all conditions and applicable provisions of the Agreement and all governing laws and regulations. Any assignment shall be on a form provided by the City and shall not be unreasonably withheld.

19. **Successors and Assigns.** The terms and conditions of this Agreement shall bind and extend to the City and the Operator, and the Operator's successors and assigns, and the Operator shall require any successor and assign, by written agreement, to adhere to all terms and conditions of this Agreement, and to expressly assume the defense and indemnity obligations to the City as set forth herein in a document acceptable in form to the City. Such assignment shall not relieve the assignee of any obligations that accrue during the period of operation of the assignee or otherwise arising out of the actions or inactions of the assignee during its period of operation. The Operator expressly agrees that this paragraph shall be a condition of the COGCC permit, and that failure to comply with this paragraph shall entitle the COGCC to revoke the permits for which ownership was assigned and shall entitle the City to revoke any approvals.

20. **No Third Party Beneficiaries.** Except for the rights of enforcement by the COGCC with respect to the BMPs, this Agreement is not intended to, and does not create, any right, benefit, responsibility or obligation that may be enforced by any non-party. Additionally, nothing in the Agreement shall entitle any third party to any claims, rights or remedies of any kind.

21. **Notices.** All notices and other correspondence related to this Agreement shall be in writing and shall be delivered by: (i) certified mail with return receipt, or (ii) hand delivery with signature or delivery receipt provided by a third party courier service (such as FedEx, UPS, etc.) to the designated representative of the Party as indicated below. A Party may change its designated representative for notice purposes at any time by written notice to the other Party. The initial representatives of the Parties are as follows:

City: City & County of Broomfield
One DesCombes Drive
Broomfield, CO 80020
Attn: City & County Manager
Telephone: 303-438-6300

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Operator: Extraction Oil & Gas, Inc.
370 17th Street, Suite 5300
Denver, CO 80202
Attn: Legal Department
Telephone: 720-557-8300

22. Default and Remedies. If either Party notifies the other Party that it is in breach of the terms of this Agreement, including the attached Exhibits, such Party in alleged breach shall have a period of thirty (30) days from the date of such notice in which to remedy the alleged breach. If the alleged breach is of a nature that cannot be remedied within that 30-day period, such Party in alleged breach shall have commenced to remedy the breach and work diligently to complete the remedy. If (i) the Party in alleged breach fails to acknowledge that a breach has occurred or is occurring, (ii) following the process set forth in the previous two sentences the Party alleging breach believes that the other Party continues to be in breach of this Agreement, including the attached Exhibits, or (iii) any other kind of dispute arises under any provision of this Agreement that cannot be resolved by good faith negotiation between the Parties, the Party claiming that a breach of this Agreement has occurred or seeking resolution of any other dispute under this Agreement shall send written notice to the other Party, specifying its position in the matter and invoking the dispute resolution process in this section. Within fifteen (15) days of the date of delivery of such notice, the Parties shall meet to resolve the matter described in the notice. If either Party believes that mediation would be advantageous in connection with such meeting, or if a resolution of the matter cannot be achieved at the meeting, both parties agree to make a reasonable effort to work through and with a mutually acceptable mediator to attempt to resolve the dispute. Notwithstanding the foregoing, if either Party believes that the dispute will not otherwise be resolved in a sufficiently prompt and effective manner or if either Party determines that action is necessary for the protection of health, safety, welfare or the environment, such Party may, at its discretion, take such legal action and seek such legal or equitable remedies as it determines to be appropriate or necessary to protect and enforce its rights under this Agreement. Such remedies may include, without limitation, an injunction to stop an alleged violation or an order requiring the performance by the other Party, or other remedies permitted under law or this Agreement. The City does not waive its right to seek enforcement under the Broomfield Municipal Code for a breach that Operator has remedied under this provision.

23. Defense and Indemnity. Operator agrees to defend and indemnify the City, its employees, boards, agents and City Council (collectively "City Entities") from and against all claims and liability against the City Entities arising out of or related to the operations of the Operator at the Well Sites and any action or inaction of the Operator at or in connection with the Well Sites, including but not limited to claims for bodily injury, death, property or other damage, remediation or other costs, or claims under any local, state or federal environmental law. As
used in this paragraph, the term "claim" means any claim filed in any judicial or administrative forum and any administrative proceeding or order. This defense and indemnity does not apply to a claim or liability that arises from the negligence or willful misconduct of the City Entities. The obligations of this paragraph shall survive the termination of this Agreement.

24. **Integration Clause.** This Agreement, along with all exhibits attached, the Settlement Agreement dated the date hereof between the City and Operator and the New SUA, hereto encompass the entire agreement of the Parties and, except as otherwise provided herein, supersedes all previous understandings and agreements between the Parties, whether oral or written, including the Operator Agreement, as Supplemented and the SUA.

25. **Conflicts.** In the event that conflicts exist within the terms and conditions of this Agreement and the attached Exhibits and/or referenced prior agreements, this Agreement shall control.

26. **Governing Law.** This Agreement shall be governed and construed in accordance with the laws of the State of Colorado without reference to its conflicts of laws provisions.

27. **Enforcement.** The Parties understand and agree that the City may enforce violations of this Agreement under Chapter 17-54, as amended, of the Broomfield Municipal Code.

28. **Insurance.** The Operator agrees to provide insurance under the conditions, and in the amounts, set forth on Exhibit G.

29. **Severability.**

   a. If any part of this Agreement is found to be in conflict with applicable laws, such part shall be inoperative, null and void insofar as it conflicts with such laws; however, the remainder of this Agreement shall be in full force and effect.

   b. In the event that any part of this Agreement would otherwise be unenforceable or in conflict with applicable laws due to the term or period for which such part is in effect, the term or period for which such part of this Agreement shall be in effect shall be limited to the longest period allowable which does not cause such part to be unenforceable or in conflict with applicable laws.

   c. If any section, paragraph, provision, or portion thereof of this Agreement is held by any Court to be void and/or unenforceable for any reason, such section, paragraph, provision, or portion thereof shall be excised from the Agreement and shall be replaced with terms and
provisions that are most consistent with, and which reflect, the Parties’ intention. All remaining sections, paragraphs, provisions, or portions thereof shall remain in full force and effect.

30. **No Presumption.** The Parties to this Agreement and their attorneys have had a full opportunity to review and participate in the drafting of the final form of this Agreement. Accordingly, this Agreement shall be construed without regard to any presumption or other rule of construction against the Party causing the Agreement to be drafted.

31. **Amendments.** No changes, alterations or modifications to any of the provisions set forth in this Agreement shall be effective unless contained in a written agreement signed by both Parties.

    IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by a duly authorized representative on the day and year first written above.
THE CITY:

THE CITY AND COUNTY OF BROOMFIELD, COLORADO
A Colorado Municipal Corporation and County

Mayor

APPROVED AS TO FORM:

City & County Attorney
THE OPERATOR:

EXTRACTION OIL & GAS, INC.

Eric J. Christ, Vice President, General Counsel & Corporate Secretary

STATE OF COLORADO

COUNTY OF Broomfield

The foregoing instrument was acknowledged, subscribed and sworn to before me this 25th day of October, 2017, by ________________.

[SEAL]

Notary Public

My Commission Expires: October 7, 2021
List of Exhibits

Exhibit A - Maps of the Well Sites
Exhibit B – List of BMPs
Exhibit C – List of P&A Wells
Exhibit D - Pipeline Requirements
Exhibit E - Pipeline Route (Map)
Exhibit F - Form of Easement Grant
Exhibit G - Insurance Requirements
Exhibit H - Surface Use Agreement
Exhibit I - Potential Locations for Berms, Bales or Sound Walls
EXHIBIT B

BEST MANAGEMENT PRACTICES FOR WELL SITES AND NEW WELLS AT WELLS SITES

Operator shall include the BMPs listed in this Exhibit B on all Applications for Permit-to-Drill, Form 2 (“Form 2”), and Oil and Gas Location Assessments, Form 2A (“Form 2A”), submitted to the Commission for a “New Well” on the Well Sites. For the purposes of this provision, “New Well” shall mean any Operator-operated well spudded during the term of this Agreement, and located on the Well Sites, including any production facilities directly associated with such well, and its associated Well Pad, insofar as it covers lands located in the City limits. The BMPs shall apply to all New Wells drilled by the Operator on the Well Sites, while this Agreement is effective. The re-entry of a previously plugged and abandoned well is not allowed.

1. Well Sites. The Operator agrees that the maximum number of New Wells to be drilled at each of the Well Sites set forth on Exhibit A shall be as follows:

- Livingston Pad – 19 New Wells;
- Northwest A Pad – 8 New Wells;
- Northwest B Pad – 8 New Wells;
- United Pad – 16 New Wells;
- Interchange A Pad – 16 New Wells; and
- Interchange B Pad – 17 New Wells.

For purposes of this Agreement, the phases of operation at a Well Site shall be defined as follows:

“Construction Phase” shall mean the conducting of civil and earth work in connection with the construction and installation of drilling pads, visual mitigation measures, access routes, pipelines and launcher/receiver locations.

“Drilling Phase” shall mean the period in which a drilling rig is utilized to penetrate the surface of the earth with a drill bit and the installation of well casing and cement at one or more wells.

“Completion Phase” shall mean the period of hydraulic fracturing, coiling, workover, installation of tubing and flowback of one or more wells.

“Production Phase” shall mean the period in which one or more wells is capable of producing hydrocarbons that flow through permanent separator facilities and into the pipeline gathering system.

For the avoidance of doubt, it is possible for multiple phases of operation to be occurring at the same time with respect to a single Well Site. Notwithstanding the
foregoing, Operator agrees that it will not conduct hydraulic fracturing and drilling operations simultaneously at a single Well Site.

2. **Quiet Technology.** The Operator agrees to use the Liberty Quiet Fleet or comparable technology from an alternative vendor on all Well Sites.

3. **Use of Pipelines.** The Operator agrees to build pipelines for the transport of oil, gas, and produced water from the Well Sites to the specifications set forth in Exhibit D and to utilize such pipelines at the Well Sites before the Production Phase commences. During the Completion Phase, the Operator will use pipelines for produced water for flowback to the maximum extent feasible. All fresh water shall be transported to the Well Sites by means other than by truck. The Operator’s obligation to build and utilize such pipelines is subject to the City granting Operator all necessary right-of-way and the City issuing Operator the necessary Public/Private Improvement Permits. Operator shall be permitted to utilize temporary tanks during drilling, flowback, workover, completion, hydraulic fracturing and maintenance operations. If requested by the City, Operator will conduct a risk analysis to identify potential risks associated with pipelines and the measures implemented that are intended to mitigate such risks.

4. **Air Modeling Study.** The Operator has completed an air modeling study that meets the standards requested by the City and such study has been conducted and indicates that emissions from the equipment proposed on the Well Sites meets EPA standards.

5. **Regulations.** The Operator shall comply with all applicable state, and federal regulations in addition to the terms of this Agreement and the BMPs set forth in this Exhibit B. The City agrees that it will not impose any fine on the Operator for violation of this Agreement if the activity or condition that created the violation is also subject to regulation by the COGCC, and if the violation results in action taken by the COGCC against the Operator.

6. **Notification to the City Regarding Commencement of Operations.** Operator shall provide written notice to the City no less than thirty (30) days prior to the commencement of any of the following: Construction Phase (unless the Construction Phase commences within 45 days of the approval of the applicable Form 2 or Form 2A), Drilling Phase, Completion Phase, or any recompletion, re-drilling or plugging and abandonment of a New Well. Any notification provided by Operator to City pursuant to this Agreement may be used by the City for public notification.

7. **Inspections.** The City shall have the right to have the City’s designated oil and gas inspector (the “Inspector”) inspect the Well Sites, upon reasonable notice to the Operator and the Operator shall provide a safety escort to accompany the Inspector. Reasonable notice may include notification by the Inspector at the Well Site. If the Inspector notifies the Operator of any conditions that the Inspector believes are out of compliance with this Agreement, Operator shall promptly address such conditions. If the Operator disagrees
with the findings of the Inspector, the City and Operator shall resolve the disagreement consistent with the provisions set forth in Section 22 of the Agreement.

8. **Containment Berms.** The Operator shall utilize steel-rim berms around all permanent facility equipment at the Well Sites with sufficient capacity to contain 1.5 times the maximum volume of liquids that such facility will contain at any given time plus sufficient freeboard to prevent overflow. All berms and containment devices shall be inspected quarterly by the Operator and maintained in good condition. No potential ignition sources shall be installed inside the secondary containment area unless the containment area encloses a fired vessel or such sources are rated in accordance with industry codes and standards. Secondary containment such as duck ponds or lined earthen berms for temporary tanks shall also be used.

   A. Permanent containment berms shall be constructed of steel rings, designed and installed to prevent leakage and resist degradation from erosion or routine operation.

   B. Secondary containment for tanks shall be constructed with a synthetic or engineered liner that contains all primary containment vessels and is mechanically connected to the steel ring to prevent leakage.

   C. For locations within five hundred (500) feet and up-gradient of a surface water body, tertiary containment, such as an earthen berm, is required around production facilities.

9. **Closed-Loop Pitless Systems for the Containment and/or Recycling of Drilling Fluids.** Wells shall be drilled, completed and operated using closed-loop pitless systems for containment and/or recycling of all drilling, completion, flowback and produced fluids. Operator shall recycle fluids to the maximum extent practicable, with the understanding that Operator is limited in its ability to recycle all fluids, as doing so would necessitate the use of permanent tanks, which is otherwise prohibited by the terms of the Agreement, and result in the potential for additional emissions. Other than for irrigating landscape material, Operator shall not use City water for any of its oil and gas operations. Operator shall not store waste onsite for periods longer than 30 days.

10. **Anchoring.** All New Well equipment and all existing equipment at the Well Sites shall be anchored to the extent necessary to resist flotation, collapse, lateral movement, or subsidence in compliance with applicable Federal Emergency Management Agency (FEMA) (as administered by this City) and COGCC rules and regulations.

    All guy line anchors left buried for future use shall be identified by a marker of bright color not less than four (4) feet in height and not greater than one (1) foot east of the guy line anchor.

11. **Burning.** No open burning shall occur on the site of any oil and gas operation.
12. *Chains.* Traction chains from heavy equipment shall be removed before entering a City street.

13. *Chemical Disclosure and Storage.* All fracturing chemicals must be disclosed to the City pursuant to the process set forth below before bringing on site. Prior to the bringing of such chemicals onto the property, the Operator shall make available to the City, in table format, the name, Chemical Abstracts Service (CAS) number, storage, containment and disposal method for such chemicals to be used on the Well Sites, which the City may make available to the public as public records. Fracturing chemicals shall be uploaded onto the Frac Focus website within sixty days of the completion of fracturing operations. The Operator shall not permanently store fracturing chemicals, flowback from hydraulic fracturing, or produced water in the City limits. Operator shall remove all hydraulic fracturing chemicals at a Well Site within thirty (30) days following the completing of hydraulic fracturing at that Well Site.

In addition to any substances that not permitted to be used in accordance with state or federal rules or regulations in place from time to time, the following chemicals shall not be utilized in hydraulic fracturing fluid at the Well Sites:

<table>
<thead>
<tr>
<th>Ingredient Name</th>
<th>CAS #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benzene</td>
<td>71-43-2</td>
</tr>
<tr>
<td>Lead</td>
<td>7439-92-1</td>
</tr>
<tr>
<td>Mercury</td>
<td>7439-97-6</td>
</tr>
<tr>
<td>Arsenic</td>
<td>740-38-2</td>
</tr>
<tr>
<td>Cadmium</td>
<td>7440-43-9</td>
</tr>
<tr>
<td>Chromium</td>
<td>7440-47-3</td>
</tr>
<tr>
<td>Ethylbenzene</td>
<td>100-41-4</td>
</tr>
<tr>
<td>Xylenesf</td>
<td>1330-20-7</td>
</tr>
<tr>
<td>1,3,5-trimethylbenzene</td>
<td>108-67-8</td>
</tr>
<tr>
<td>1,4-dioxane</td>
<td>123-91-1</td>
</tr>
<tr>
<td>1-butanol</td>
<td>71-36-3</td>
</tr>
<tr>
<td>2-butoxyethanol</td>
<td>111-76-2</td>
</tr>
<tr>
<td>Chemical Name</td>
<td>CAS Number</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>N,N-dimethylformamide</td>
<td>68-12-2</td>
</tr>
<tr>
<td>2-ethylhexanol</td>
<td>104-76-7</td>
</tr>
<tr>
<td>2-mercaptoethanol</td>
<td>60-24-2</td>
</tr>
<tr>
<td>benzene, 1,1'-oxybis-, tetrapropylene derivatives, sulfonated, sodium salts (BOTS)</td>
<td>119345-04-9</td>
</tr>
<tr>
<td>butyl glycidyl ether</td>
<td>8/6/2426</td>
</tr>
<tr>
<td>polysorbate 80</td>
<td>9005-65-6</td>
</tr>
<tr>
<td>quaternary ammonium compounds, dicoco alkyldimethyl, chlorides (QAC)</td>
<td>61789-77-3</td>
</tr>
<tr>
<td>bis hexamethylene triamine penta methylene phosphonic acid (BMPA)</td>
<td>35657-77-3</td>
</tr>
<tr>
<td>diethylenetriamine penta (methylene-phosphonic acid)(DMPA)</td>
<td>15827-60-8</td>
</tr>
<tr>
<td>FD&amp;C blue no. 1</td>
<td>3844-45-9</td>
</tr>
<tr>
<td>Tetrakis(triethanolaminato) zirconium(IV) (TTZ)</td>
<td>101033-44-7</td>
</tr>
</tbody>
</table>

14. **Color.** Permanent facilities shall be painted in a uniform, non-contrasting, non-reflective color, to blend with the surrounding landscape and, with colors that match the land rather than the sky, consistent with COGCC regulations. If the City desires a specific color or colors, it shall notify Operator of such color or colors prior to the Pad Construction of a Well Site and Operator shall utilize such color or colors.

15. **Cultural and Historical Resource Protection.** The Operator has completed a site assessment and is not currently aware of any historical or cultural sites on the Well Sites. However, if a significant surface or sub-surface archaeological site is discovered during construction, the Operator shall be responsible for immediately contacting the City to report the discovery. If any disturbance of a site deemed by the State Historic Preservation Office to be a historical or cultural resource occurs, the Operator shall be responsible for mitigating the disturbance to the cultural or historical property through a data recovery plan in consultation with the City’s Historic Landmark Board and the State Historic Preservation Office, with copy to the City.

16. **Discharge Valves.** Open-ended discharge valves on all storage tanks, pipelines and other containers within the Well Site shall be secured and shall not be accessible to the general
public. Open-ended discharge valves within the Well Site shall be placed within the interior of the secondary containment area.

17. **Fugitive Dust Suppression.** Dust associated with on-site activities and traffic on access roads shall be minimized throughout construction, drilling and operational activities such that there are no visible dust emissions from access roads or the Well Sites to the extent practical given wind conditions. No untreated produced water or other process fluids shall be used for dust suppression. The Operator will avoid creating dust or dust suppression activities within three hundred (300) feet of the ordinary high water mark of any waterbody, unless the dust suppressant is water. Material Safety Data Sheets (MSDS) for any chemical based dust suppressant, other than magnesium chloride, shall be submitted to the City prior to use. Operator must submit to the City a grading, drainage, dust mitigation and erosion control plan in accordance with Section 37.

18. **Electric Equipment.** The drilling rig(s) used during the Drilling Phase and all permanent production equipment, such as compressors, motors and pump jacks, shall utilize electric line power in order to mitigate noise and to reduce emissions.

19. **Emergency Preparedness Plan.** The Operator is required to complete a detailed Emergency Plan in accordance with the provisions of this Section, and Operator shall pay for any reasonably necessary training and equipment of emergency response personnel specifically required due to the operations contemplated by this Agreement, including any inventory of Aqueous film forming foam (AFFF) required to be purchased from time to time so that sufficient quantities are on-hand to respond to emergencies on the Well Sites. The City and the North Metro Fire Rescue District must approve of the Emergency Plan before the Drilling Phase commences. As long as all requirements of this Section are met, the City and the North Metro Fire Department shall not unreasonably withhold approval and shall approve the Emergency Plan within thirty (30) days of submittal.

The Emergency Plan shall be filed with the City and the North Metro Fire Rescue District and updated on an annual basis or as conditions change (responsible field personnel change, ownership changes, etc.). The Emergency Plan shall include a notification system for potentially affected citizens and occupied buildings and an evacuation plan.

The Emergency Plan shall consist of at least the following information:

A. Name, address and phone number, including twenty-four (24)-hour emergency numbers for at least two persons responsible for emergency field operations as well as the contact information for any subcontractor of Operator engaged for well-control emergencies.

B. An as-built facilities map in a format suitable for input into the City’s GIS system depicting the locations and type of above and below ground facilities, including sizes and depths below grade of all oil and gas flow lines and associated equipment, isolation valves, surface operations and their functions, as well as transportation routes to and from exploration and development sites, for
emergency response and management purposes. The information concerning flowlines and isolation valves shall be held confidentially by the City and shall only be disclosed in the event of an emergency or to emergency responders or for the training of emergency responders. The City shall deny the right of inspection of the as-built facilities maps to the public pursuant to C.R.S. § 24-72-204.

C. Detailed information addressing each reasonable potential emergency that may be associated with the operation. This may include any or all of the following: explosions, fires, gas, oil or water pipeline leaks or ruptures, hydrogen sulfide or other toxic gas emissions, or hazardous material vehicle accidents or spills. A provision that any spill outside of the containment area, that has the potential to leave the facility or to threaten waters of the state, or as required by the City-approved Emergency Plan shall be reported to the local emergency dispatch and the COGCC Director in accordance with COGCC regulations.

D. Detailed information identifying access or evacuation routes, and health care facilities anticipated to be used.

E. A project-specific plan for any project that involves drilling or penetrating through known zones of hydrogen sulfide gas.

F. A statement and detailed information indicating that the Operator has adequate personnel, supplies, and training to implement the Emergency Plan immediately at all times during construction and operations.

G. The Operator shall have current Material Safety Data Sheets (MSDS) for all chemicals used or stored on a site. The MSDS sheets shall be provided immediately upon request to City officials, a public safety officer, or a health professional as required by COGCC Rule 205.

H. The Emergency Plan shall include a provision establishing a process by which the Operator notifies surrounding neighbors to inform them about the on-site operations and provide sufficient contact information for surrounding neighbors to communicate with the Operator.

I. All training associated with the Emergency Plan shall be coordinated with the City and the North Metro Fire Rescue District.

J. A provision obligating the Operator to reimburse the appropriate emergency agencies for their expenses resulting from the Operator’s operations, to the extent required by Colorado State Statutes.
K. Operator shall provide the City with its emergency shutdown protocols and promptly notify the City of any emergency shut downs that would have an impact to any area beyond the confines of the Well Site.

20. **Air Quality.** In order to minimize degradation to air quality, Operator agrees to the provisions set forth in this Section. Operator must eliminate, capture, or minimize all potentially harmful emissions and minimize dust associated with onsite activities and traffic on access roads pursuant to the terms of this Agreement. Operator shall comply with all applicable state and federal regulations including regulations promulgated by CDPHE, COGCC and US EPA.

A. Minimization of Emissions.

To protect air quality, the following will be required:

1. The use of electric equipment and line power, as detailed in Section 18.
2. The use of Tier 2 and liquefied natural gas dual fuel hydraulic fracturing pumps. If Tier 4 fracturing pumps become commonly available, Operator will begin using Tier 4 fracturing pumps.
3. Comply with traffic provisions set forth in Section 40. Limitations on truck traffic to and from the site.
4. The utilization of pipelines pursuant to Section 3.
5. Manufacture test or other data demonstrating hydrocarbon destruction or control efficiency that complies with a design destruction efficiency of 98% or better.
6. The use of no-bleed continuous and intermittent pneumatic devices. This requirement can be met by replacing natural gas with electricity or instrument air, or routing the discharge emissions to a closed loop-system or process.
7. Any flare, auto ignition system, recorder, vapor recovery device or other equipment used to meet the hydrocarbon destruction or control efficiency requirement shall be installed, calibrated, operated, and maintained in accordance with the manufacturer’s recommendations, instructions, and operating manuals.
8. No use of glycol dehydrators.
9. No use of desiccant gas processing dehydrators.
10. Year-round application of odor requirements pursuant to COGCC and CDPHE regulations.
11. Reduction or elimination of emissions of associated gas from hybrid gas-oil wells (i.e. gas that is co-produced from a well that primarily produces oil), including prohibition of uncontrolled venting.
12. Best management practices during liquids unloading (i.e. maintenance activities to remove liquids from existing wells that are inhibiting production), including at least 90% emissions reduction when utilizing combustion and the installation of artificial lift or unloading through the separator where feasible.

13. Reduction or elimination of emissions from oil and gas pipeline maintenance activities such as pigging or blowdowns. If any maintenance activity will involve the intentional venting of gas from a well tank, compressor or pipeline, beyond routine pipeline maintenance activity and pigging, the operator shall provide forty eight (48) hour advance written notice to the City of such proposed venting. Such notice shall identify the duration and nature of the venting event, a description as to why venting is necessary, a description of what vapors will likely be vented, what steps will be taken to limit the duration of venting, and what steps the operator proposes to undertake to minimize similar events in the future. If emergency venting is required, or if accidental venting occurs, the operator shall provide such notice to the City of such event as soon as possible, but in no event longer than 24 hours from the time of the event, with the information listed above and with an explanation as to the cause and how the event will be avoided in the future.

14. Compliance with dust suppression techniques set forth in Section 17.

15. Compliance with odor requirements set forth in Section 48.

16. Consolidation of product treatment and storage facilities within a Well Site.

17. Centralization of compression facilities within a Well Site.

18. Telemetric control and monitoring systems, including surveillance monitors to detect when pilot lights on control devices are extinguished.

19. Operator will comply with all CDPHE air permits, if any, and will comply with all OSHA work practice requirements with respect to benzene.

20. Flaring shall be eliminated or minimized to the maximum extent practicable.

21. Exhaust from all engines, motors, coolers, and all other equipment must be vented up and away from nearest residences.

22. Operator agrees to participate in Natural Gas STAR program or other voluntary programs to encourage innovation in pollution control at well sites.

23. Use of a pressure-suitable separator and vapor recovery unit (VRU) where applicable.

24. Pipeline infrastructure will be constructed prior to the Production Phase.
B. *Leak Detection and Repair.* Operator shall develop and maintain an acceptable leak detection and repair ("LDAR") program as required by CDPHE using modern leak detection technologies such as infra-red cameras for equipment used on the Well Sites. For the five (5) year period beginning with the start of the Drilling Phase at the first Well Site, Operator shall conduct quarterly IR camera monitoring of all equipment at the Well Sites. When an IR camera is used, Operator must retain an infrared image or video of all leaking components before and after repair. Such records must be maintained for two years and must be made available to the City upon request. Except when an emergency circumstance would necessitate an immediate repair, Operator must repair leaks as quickly as practicable. If more than 48-hours repair time is needed after a leak is discovered, an explanation of why more time is required must be submitted to the City. Operator shall conduct continuous pressure monitoring to detect leaks. At least once per year, the Operator shall notify the City five (5) business days prior to an LDAR inspection of its facilities to provide the City the opportunity to observe the inspection.

C. *Ambient Air Sampling.* The Operator shall conduct, as approved by the City, a specific ambient air quality test that includes:

1. Pre-construction baseline air quality testing shall be completed within 500 feet of the Well Sites by a consultant approved by the City and paid for by the Operator.

2. Operator agrees to provide the City $20,000 annually towards air quality sampling. The City may use these funds for sampling within its discretion. Extraction will provide initial funds prior to the Construction Phase. Such amount shall be adjusted each year by the increase or decrease in the Consumer Price Index issued by the United States Bureau of Labor Statistics for the Denver – Boulder metropolitan area.

3. In addition, the City may require the Operator to conduct additional air monitoring as needed to respond to emergency events such as spill, process upsets, or accidental releases.

4. Operator shall provide access to the Well Sites to the City’s designated inspector to allow air sampling to occur.

An air modeling and emissions inventory based upon the proposed development and equipment have been completed by a third-party consultant.

D. *Air Quality Action Days.* The Operator shall respond to air quality Action Day advisories posted by the Colorado Department of Public Health and Environment for the Front Range Area by implementing their suggested air emission reduction measures as feasible. Emission reduction measures shall be implemented for the duration of an air quality Action Day advisory and may include measures such as:
1. Minimize vehicle and engine idling;
2. Reduce truck traffic and worker traffic;
3. Delay vehicle refueling;
4. Suspend or delay use of fossil fuel powered ancillary equipment; and
5. Postpone construction activities, if feasible.
6. Within 30 days following the conclusion of each annual Air Quality Action Day season, Operator must submit a report to the City that details which measures it implemented during any Action Day advisories.

E. Compliance. The Operator must submit annual reports to the City certifying (a) compliance with these air quality requirements and documenting any periods of material non-compliance, including the date and duration of each such deviation and a compliance plan and schedule to achieve compliance, (b) that the equipment at the Well Sites continues to operate within its design parameters, and if not, what steps will be taken to modify the equipment to enable the equipment to operate within its design parameters. The annual report must contain a certification as to the truth, accuracy and completeness of the reports, signed by a responsible corporate official. The Operator may satisfy this reporting obligation in whole or in part by submitting its AQCC Regulations No. 7 annual reports for the prior calendar year to the City, and supplementing them as needed to meet these reporting requirements for covered facilities within the City. The Operator will also provide the City a copy of any self-reporting submissions that Operator provides to the CDPHE due to any incidence of non-compliance with any CDPHE air quality rules or regulations at the Well Sites.

21. Reduced Emission Completions (Commonly known as Green Completions). At Well Sites Operator shall employ reduced emission completions, also commonly known as green completions, which comply with federal and state requirements. In addition, Operator shall comply with the following:

A. Gas gathering lines, separators, and sand traps capable of supporting green completions as described in COGCC Rule 805 shall be installed per the provisions of COGCC Rule 805.

B. Operator shall comply with 40 CFR 60.5375(a)(1), (2) for green completions.

C. Uncontrolled venting is prohibited other than where necessary for safety.

D. Temporary flowback flaring and oxidizing equipment where allowed shall include the following:
1. Adequately sized equipment to handle 1.5 times the largest flowback volume of gas from a vertical/directional and/or horizontally completed well respectively as reported to the COGCC in a ten mile radius;

2. Valves and porting available to divert gas to flaring and oxidizing equipment; pursuant to the above Rules 40 CFR 60.5375 & COGCC Rule 805;

3. Auxiliary fueled with sufficient supply and heat to combust or oxidize non-combustible gases in order to control odors and hazardous gases. The flowback combustion device shall be equipped with a reliable continuous ignition source over the duration of flowback, except in conditions that may result in a fire hazard or explosion; and

4. The Operator has a general duty to safely maximize resource recovery and minimize releases to the atmosphere during flowback and subsequent recovery/operation.

22. **Exhaust.** The exhaust from all engines, motors, coolers and other mechanized equipment shall be vented up or in a direction away from the nearest occupied building.

23. **Fencing.** Permanent perimeter fencing shall be installed around production equipment unless such fencing is not required by the Visual Mitigation Plan for a Well Site, and shall be secured. The main purpose of the fencing is to deter entrance by unauthorized people and a Well Site shall be properly secured prior to the commencement of drilling at the Well Site. The Operator shall use visually interesting fencing, when feasible, but the parties recognize that there is a need for air circulation, and for the field personnel who regularly inspect the facilities to be able to identify visual operational deficiencies when driving by. Landscaping may be used for screening. If a chain link fence is required to achieve safety requirements set by the COGCC, then landscaping and other screening mechanisms shall be required that comply with the City’s Land Use Code regulations and the Operator’s safety requirements.

24. **Flammable Material.** All ground within twenty-five (25) feet of any tank, or other structure containing flammable or combustible materials, shall be kept free of dry weeds, grass or rubbish, and shall conform to COGCC 600 Series Safety Regulations and the applicable Fire Code.

25. **Flares and Combustion Devices.** To the extent flares, thermal oxidizers, or combustion devices are utilized, all such flares shall be designed and operated as follows:

   A. The flare must be fired with natural gas and designed to operate with a 98% of higher hydrocarbon destruction efficiency.

   B. The flare must be designed and operated in a manner that will ensure no visible emissions during normal operation. Visible emissions means observations of smoke for any period or periods of duration greater than or equal to one (1)
minute in any fifteen (15) minute period during normal operation, pursuant to
EPA Method 22. Visible emissions do not include radiant energy or water vapor.

C. The flare must be operated with a flame present at all times when emissions may
be vented to it, or other mechanism that does not allow uncontrolled emissions.

D. All combustion devices must be equipped with an operating auto-igniter.

26. Water Quality Monitoring Plan. Oil and gas operations shall, to the extent practicable,
avoid causing degradation to surface or ground waters within the City and to wetlands
within the City. The following standards set forth by the City are consistent with the
COGCC rules and regulations. If Operator needs to seek a variance from a COGCC
provision then an approved COGCC variance will apply to this Agreement upon notice of
such variance from Operator to the City.

Using records of the Colorado Division of Water Resources, Operator must implement a
water quality monitoring and well testing plan that includes the following:

A. Operator must obtain initial baseline samples and subsequent monitoring
samples from all available water sources within a one-half (1/2) mile
radius of the Well Sites. Water sources include registered water wells or
permitted or adjudicated springs.

B. Operator must collect initial testing of baseline samples from available
water sources prior to the commencement of drilling a well, or prior to the
re-stimulation of an existing well for which no samples were collected and
tested during the previous 6-12 months.

C. Post-stimulation samples of available water sources shall be collected and
tested pursuant to the following time frame:

1. One sample approximately one (1) year after commencement of
the Production Phase;

2. One sample approximately three (3) years after commencement of
the Production Phase; and

3. One sample approximately six (6) years after commencement of
the Production Phase.

D. Operator shall collect a sample from at least one upgradient and two
down-gradient water sources within a one-half (1/2) mile radius of a Well
Site. If no such water sources are available, Operator shall collect samples
from additional water sources within a radius of up to one (1) mile from
the Well Site until samples from a total of at least one upgradient and two
down-gradient water sources are collected. Operator should give priority
to the selection of water sources closest to the Well Site.
E. Operator may rely on existing groundwater sampling data from any water source within the radii described above that was collected in accordance with accepted standards, provided the data was collected within the 12 months preceding the commencement of Drilling Phase for such Well Site, the data includes measurement of all of the constituents measured in Table 1 below and there has been no significant oil and gas activity within a one-mile radius in the time period between the original sampling and the commencement of the Drilling Phase for such Well Site.

F. Operator shall make reasonable efforts to obtain the consent of the owner of the water source. If the Operator is unable to locate and obtain permission of the water source, the Operator must advise the City that Operator could not obtain access to the water source from the surface owner.

G. Testing for the analytes listed in Table 1 below, and subsequent testing as necessary or appropriate.

H. Operator must follow standard industry procedures in collecting samples, consistent with the COGCC model Sampling and Analysis Plan.

I. Operator must report the location of the water source using a GPS with submeter resolution.

J. Operator must report results of field observations including reporting on damaged or unsanitary well conditions, adjacent potential pollution sources, odor, water color, sediment, bubbles, and effervescence.

K. Operator must provide copies of all test results described above to the City, the COGCC, and the water source owners within 30 days after receiving the samples.

L. Subsequent sampling. If sampling shows water contamination, additional measures may be required including:

1. If free gas or a dissolved methane concentration level greater than one (1) milligram per liter (mg/l) is detected in a water source, determination of the gas type using gas compositional analysis and stable isotope analysis of the methane (carbon and hydrogen).

2. If the test results indicate thermogenic or a mixture of thermogenic and biogenic gas, an action plan to determine the source of the gas.
3. Immediate notification to the City, the COGCC, and the owner of the water well if the methane concentration increases by more than five (5) mg/l between sampling periods, or increases to more than ten (10) mg/l.

4. Immediate notification to the City, the COGCC and the owner of the water well if BTEX and/or TPH are detected as a result of testing. Such detections may result in required subsequent sampling for additional analytes.

5. Further water well sampling in response to complaints from water source owners.

6. Timely production and distribution of test results in electronic deliverable format to the City, the COGCC and the water source owners.

7. Qualified Independent Professional Consultant. All water source testing must be conducted by the Operator or, if requested by a surface owner, by a qualified independent professional consultant.

Additionally, the City may make available a water testing program to any persons with an available water sources within one-half (1/2) mile of the radius of the proposed track of the borehole of any proposed New Well. If such sampling shows water contamination, the Operator shall work with the City and the COGCC to help identify the source of the contamination.

**TABLE 1**

**GENERAL WATER QUALITY**

Alkalinity, Conductivity & TDS, pH, Dissolved Organic Carbon (or Total Organic Carbon), Bacteria, and Hydrogen Sulphide

**MAJOR IONS**

Bromide, Chloride, Fluoride, Magnesium, Potassium, Sodium, Sulfate, and Nitrate + Nitrite as N

**METALS**

Arsenic, Barium, Boron, Chromium, Copper, Iron, Lead, Manganese, Selenium, Strontium, Mercury, Uranium, and Radium
DISSOLVED GASES and VOLATILE ORGANIC COMPOUNDS

Methane, Ethane, Propane, BTEX as Benzene, Toluene, Ethylbenzene and Xylenes, Total Petroleum, and Hydrocarbons (TPH)

OTHER

Water Level, Stable isotopes of water (Oxygen, Hydrogen, Carbon), Phosphorus.

27.  **Landscaping.** Operator shall implement the Visual Mitigation Plan for a Well Site approved during the application process for such Well Site.

28.  **Lighting.** The intent of this provision is to minimize light spillage beyond the perimeter of the Well Sites and for the Operator to take appropriate steps in order to achieve this. All permanent lighting or lighting higher than a perimeter wall must be downward facing. All bulbs must be fully shielded to prevent light emissions above a horizontal plane drawn from the bottom of the fixture. Prior to installation of permanent lighting on any facility, the Operator agrees to submit to the City a lighting plan and the City shall communicate with Operator any modifications to the plan that it deems appropriate and Operator shall make such modifications if reasonable or required by law. The lighting plan shall indicate the location of all outdoor lighting on the site and any structures, and include cut sheets (manufacturer's specifications with picture or diagram) of all proposed fixtures. During the Drilling and Completion Phases, consistent with applicable law, Operator will construct a minimum 32 foot wall around as much of the perimeter of the well pads as operations allow to reduce light escaping from the site, unless shorter walls are mutually agreed to by City and Operator on a site-specific basis.

29.  **Maintenance of Machinery.** Routine field maintenance of vehicles or mobile machinery shall not be performed within three hundred (300) feet of any water body. All fueling must occur over impervious material.

30.  **Mud Tracking.** The Operator shall take all practicable measures to ensure that vehicles do not track mud or debris onto City streets. If mud or debris is nonetheless deposited on City streets, in excess of de minimus levels, the streets shall be cleaned immediately by the Operator. If for some reason this cannot be done, or needs to be postponed, the City shall be notified of the Operator’s plan for mud removal.

31.  **Noise Mitigation.** Noise mitigation measures shall be constructed along any edge of any Well Site if such edge is in proximity to existing residential development. The noise mitigation measures shall use the most current equipment to minimize noise impact during the Drilling and Completion Phases, including those measures set forth in Sections 2 and 18. Operator shall comply with the sound limitation regulations set forth in COGCC 800 Series Aesthetic and Noise Control Regulations. The Operator shall not unload pipe between 8:00 p.m. and 7:00 a.m. The Operator will complete a baseline
noise mitigation study at each Well Site that demonstrates that noise is expected to be mitigated to the extent practicable and a copy will be provided to the City. A noise mitigation study has been completed that demonstrated that noise is expected to be mitigated to the extent practicable and to levels acceptable to the City. The Operator shall address C scale noise/vibration through berming and other associated BMPs. During the Drilling and Completion Phases, the operator shall construct a perimeter wall and/or use hay bales to mitigate noise as appropriate on a case-by-case or modeled basis. If Operator uses any engines that are not electrically operated, Operator shall use quiet design mufflers (also referred to as hospital grade or dual dissipative) or equivalent and shall use acoustically insulated housing or covers to enclose the engines.

The Operator shall comply with all provisions of COGCC Rule 802 on Noise Abatement with respect to the Well Sites; provided, however, that the Operator and City agree that the maximum permissible noise levels to be applied under Rule 802 shall be, other than during pad construction at the Well Sites, the greater of (i) the levels set forth for the land use type of “Residential/Agricultural/Rural” under Rule 802 if measurements are taken at 1,000 feet from the sound walls at the Well Site and (ii) 4 dB(A) higher than baseline ambient sound measured at 1,000 feet from the sound walls at the Well Site. During pad construction at the Well Sites, the Operator agrees that noise levels shall not exceed those produced by the construction of a typical residential or commercial development. All measurements considered for compliance with this Section 31 shall be taken by a third party contractor using industry standard equipment and practices.

Both the City and the Operator have conducted an Ambient noise survey for each Well Site at baseline and will place noise meters near Well Sites to monitor ongoing noise levels until the commencement of the Production Phase.

32. **Flowlines.** Any newly constructed or substantially modified flowlines on the Well Sites shall be constructed and operated under the provisions of the COGCC 1100 Series Flowline regulations, any future COGCC flowline regulations, and any applicable surface use agreements with the surface owners. Operator shall pressure test all flowlines following their construction, including those rated at less than 15 PSI. Operator will provide to the City all records required to be submitted to State agencies related to inspections, pressure testing, accidents and other safety incidents related to flowlines at the Well Sites and, upon specific request by the City, Operator will provide to the City any other records submitted to State agencies related to flowlines at the Well Sites.

33. **Recordation of Flowlines.** All new flowlines and pipelines shall have the legal description of the location recorded with the Clerk and Recorder of the City within thirty (30) days of completion of construction. Abandonment of any recorded flowlines shall be recorded with the Clerk and Recorder of the City within thirty (30) days after abandonment.

34. **Removal of Debris.** All construction-related debris shall be removed from the site for proper disposal in a timely manner. The site shall be maintained free of debris and excess
materials at all times during operation. Operator shall not burn or bury debris at any time on the Well Sites.

35. **Removal of Equipment.** All equipment used for drilling, re-completion and maintenance of the facility shall be removed from the site within thirty (30) days of completion of the work, weather condition permitting, unless otherwise agreed to by the surface owner. Permanent storage of removable equipment on Well Sites shall not be allowed.

36. **Plugged and Decommissioned Well Testing.** Prior to and following the fracturing of any New Well, Operator shall assess the integrity of plugged and decommissioned wells or removed from use and dry, or removed from use ("Previously Abandoned Wells), within one-quarter (¼) mile of the projected track of the borehole of the proposed New Well.

This shall include:

1. Based upon examination of COGCC and other publicly available records, identification of all Previously Abandoned Wells located within one-quarter (¼) mile of the projected track of the borehole of a proposed well.

2. Risk assessment of leaking gas or water to the ground surface or into subsurface water resources, taking into account plugging and cementing procedures described in any recompletion or plugged and abandoned report filed with the COGCC.

3. Notification of the City and COGCC of the results of the assessment of the plugging and cementing procedures.

4. Permission from each surface owner with a Previously Abandoned Well on their property to access the property to test the soil within a 10’ radius of the Previously Abandoned Well. If a surface owner has not provided permission to access and test after thirty (30) days from receiving notice, the Operator shall not be required to test the Previously Abandoned Well. Notice to the surface owner will be sent by Certified US Mail, return receipt requested, to assure that the surface owner receives proper notice.

5. For each Previously Abandoned Well for which access and permission to test is granted, a soil gas survey to test the soil within a 10’ radius of the Previously Abandoned Well shall be completed prior to production from the proposed New Well and again one (1) year after production has commenced on the New Well.

6. Notification of the results of the soil gas survey to the City and the COGCC within three (3) months of conducting the survey or advise the City that access to the Previously Abandoned Wells could not be obtained from the surface owner.

37. **Stormwater Control Plan.** All oil and gas operations at the Well Sites shall comply and conform with the City’s stormwater control regulations, including the submission of an Erosion Control Report and Plan.

38. **Temporary Access Roads.** Temporary access roads associated with oil and gas operations at the Well Sites shall be reclaimed and revegetated to the original state within
a reasonable amount of time, taking into account planting seasons, or as directed by the
landowner in a Surface Use Agreement and subject to applicable COGCC variances.
Operator must control erosion while access roads are in use.

39. **Trailers.** A construction trailer(s) is permitted as an accessory use during active drilling
and well completion or workover operations only. No permanent residential trailers shall
be permitted at the Well Sites; provided, however, that until ninety (90) days following
the end of the Completion Phase on a Well Site, temporary residential and/or security
trailers are permitted, as needed for on-site operations, for exclusive use by the
Operator’s personnel and the personnel of its subcontractors on a temporary basis.

40. **Transportation and Circulation.** The Operator will comply with all Transportation and
Circulation requirements as contained in the City Land Use Code as may be reasonably
required by the City’s Traffic Engineer and will comply with all applicable hazardous
material regulations. The Operator will submit a traffic plan to the City that includes
detailed descriptions of all proposed access routes for equipment, water, sand, waste
fluids, waste solids, mixed waste, and all other material to be hauled on the public streets
and roads of the City. The Operator will obtain necessary access permits. The traffic plan
shall include the following:

A. estimated weights of vehicles when loaded, a description of the vehicles,
including the number of wheels and axles of such vehicles and trips per day.

B. Detail of access locations for each well site including sight distance, turning
radius of vehicles and a template indicating this is feasible, sight distance, turning
volumes in and out of each site for an average day and what to expect during the
peak hour.

C. Truck traffic volumes converted to equivalent single axle loads and compared
with existing volumes. Trucks anticipated on roadways that are being accessed to
equivalent single axle loads using existing volumes and proposed with extraction
activities.

D. Core drilled samples of City roads to be used and determined the adequacy of the
existing roadway structure and determined that the roadway section is adequate
for extraction activities.

E. Truck routing map and truck turning radius templates with a listing of required
and determined that certain improvements are necessary at intersections along the
route.

F. Complete traffic report, determining operational changes and geometric
modifications necessary as a result of extraction activities.

G. Identification of need for any additional traffic lanes, which would be subject to
the final approval of the City’s engineer.
H. Restriction of non-essential traffic to and from Well Sites to periods outside of peak am and pm traffic periods and during school hours (generally 7-9am and 3-6pm).

41. **Wastewater and Waste Management.** Operator must submit a waste management plan to the City that complies with the following: All fluids shall be contained and there shall be no discharge of fluids. Waste shall be stored in tanks, transported by tanker trucks and/or pipelines, and disposed of at licensed disposal or recycling sites. The plan shall incorporate secondary containment and stormwater measures consistent with Sections 8 and 37. No land treatment of oil impacted or contaminated drill cuttings are permitted. A copy of the Operator’s Spill Prevention, Control, and Countermeasure Plan (SPCC) will be given to the City, which describes spill prevention and mitigation practices. The Operator shall not dispose of any wastewater within the City. All other waste shall be disposed of in accordance with state regulations.

42. **Water Supply.** The Operator agrees to comply with applicable State of Colorado, Department of Natural Resources and other applicable State regulations concerning the source(s) of water used in the Drilling Phase and Completions Phase. The Operator shall notify the City, upon its request, of the source(s) of water to be used at Well Sites during the Drilling Phase and Completion Phase and will provide the City with an estimate of the volumes of water to be utilized, with such estimates subject to change. All water volumes actually used by Operator shall be reported by the Operator to the State of Colorado in accordance with its regulations.

43. **Noxious Weed Control.** The Operator shall be responsible for ongoing noxious weed (as defined under State law) control at the Well Sites and along access roads per City or other applicable agency regulations.

44. **Insurance.** The Operator agrees to provide liability and insurance under the conditions, and in the amounts, set forth in Exhibit G.

45. **Injection Wells.** The Operator shall drill no injection wells in Broomfield.

46. **Alternative Site Analysis.** Operator has consulted with the City, to the City’s satisfaction, in order to identify alternative sites based upon factors determined by the City. The Well Sites were mutually selected by the Operator and the City as the final sites following this consultation.

47. **General Maintenance.** Operator shall operate and maintain all equipment pursuant to manufacturer specifications consistent with technological limitations and reasonable and customary maintenance practices.

48. **Odor.** Odor emitting from Well Sites must be controlled. Operator to prevent odors from oil and gas operations by proactively addressing and, to the extent possible, resolving complaints filed by impacted members of the community, in coordination with City
public health staff. Operator must use a filtration system or additives to the drilling and fracturing fluids to minimize odors. Operator is prohibited from masking odors from any oil and gas facility site by using masking fragrances.

49. **Reclamation.** Operator must submit an oil and gas site reclamation plan and reclaim a Well Site not later than six (6) months after plugging and abandoning the last New Well at such Well Site, weather and planting season permitting.

50. **Well Integrity.** Operator must equip the bradenhead access to the annulus between the production and the surface casing, as well as any intermediate casing, with a fitting to allow safe and convenient determinations of pressure and fluid flow. Valves used for annular pressure monitoring shall remain exposed and not buried to allow for visual inspection. The Operator shall take bradenhead pressure readings as required by the COGCC.

51. **Fires and Explosions.** Any accident or natural event involving a fire, explosion or detonation shall be reported to the City within 24 hours. This report shall include such specifics, to the extent available:

A. Fuel source
B. Location
C. Proximity to residences and other occupied buildings
D. Cause
E. Duration
F. Intensity
G. Volume
H. Specifics and degree of damage to properties, if any beyond the Well Site
I. Injuries to person(s)
J. Emergency management response; and
K. Remedial and preventive measures to be taken within a specified amount of time

The Operator shall provide the City with an additional report containing the information above after the conclusion of the accident or natural event if lasting more than 24 hours.

52. **Spills.** Operator must notify the City of any spill of any material on permeable ground on the Well Sites that has a reportable spill quantity under any law. The Operator will also provide the City with a copy of any self-reporting submissions that Operator provides to the COGCC due to any spills at the Well Sites.

53. **Bradenhead Monitoring.** Operator will conduct bradenhead monitoring on the New Wells in accordance with COGCC Rules.

54. **Variances.** Except as specifically provided elsewhere in the Agreement, including its Exhibits, all variances, waivers, exceptions, and similar modifications require written
approval from the City, such approval not to be unreasonably withheld, conditioned or delayed.

55. Risk Assessment. As part of Operator’s application to the City, Operator agrees to provide a risk management plan, which will include the identification of potential risks, methods of risk avoidance and controls that implement techniques to prevent accidents and losses and reduce the impact or cost after the occurrence of identified potential events.

56. Automatic Safety Protective Systems and Surface Safety Valve. An automated safety system, governed by safety devices and a programmable logic computer, will be installed at the Well Sites. The automated safety system shall include the installation, monitoring and remote control of a Surface Safety Valve (“SSV”) among many other engineered measures and devices that are implemented to greatly reduce or eliminate the potential for a well event. All New Wells will have a SSV installed prior to the commencement of the Production Phase connected to the production tubing at the surface. The SSV will be equipped to operate remotely via the automated safety protective system, which monitors multiple flowing pressures and rates which have predetermined maximum and/or minimum threshold values programmed and will remotely shut the well in should certain upset conditions be detected. Additionally, the automated safety system provides the ability to remotely shut-in wells on demand through operator remote intervention. The SSV will have documented quarterly testing to ensure functionality. The practice of utilizing automated safety protective systems, including SSV’s, exceeds the current State regulations and requirements for wells operated within Colorado.

57. Possible Berms, Bales or Sound Walls. Operator shall utilize the additional mitigation measures of berms, bales, and/or sound walls at one or more of the locations set forth on Exhibit I if so requested by the City in writing. The particular measure(s) employed at any such location shall be as determined by mutual agreement between the City and the Operator.
## Exhibit C

### List of P&A Wells

<table>
<thead>
<tr>
<th>Well Name</th>
<th>API</th>
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**NOTE:** The following wells have already been plugged and abandoned in 2017

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EXHIBIT D
PIPELINE SPECIFICATIONS

Design

1. Pipeline shall be constructed with a Class 4 Design (0.40 Design Factor) for steel pipelines.
2. For steel pipelines, utilize Fusion Bond Epoxy (FBE) Coated Pipe (or equivalent), which is intended to protect pipe from corrosion
3. Utilize a cathodic protection system
4. Hydrostatic test to 1.25 times the Maximum Operating Pressure for four (4) hours for exposed pipe and eight (8) hours for buried pipe
5. Utilize In-Out measurement for Leak Detection
6. Utilize automated systems for over pressure protection & low pressure detection that shuts-in the pipe in order for Operator to investigate

Construction

1. Conduct X-ray on 100% of welds.
2. For buried pipe, pipe shall be buried a minimum of 48” from the surface.
3. Conduct survey and logging for every girth weld in place.
4. Utilize jeeping (holiday detector) as well as visual inspection of coating. Once a jeep (damage) is detected, pipe coating shall be repaired and re-jeeped until damage is repaired and does not cause a jeep or detection.
5. Following construction, site shall be left in as good a condition as prior to construction and Operator shall work with the applicable surface owner on restoration. Operator shall restore the site to a substantially similar condition as it existed prior to construction unless otherwise agreed by the City in writing.
6. All steps and or phases of construction shall be inspected by Operator’s 3rd party inspectors.
7. Roads, creeks and other encumbrances shall be bored underneath at a safe depth.

Operation & Maintenance

1. Operator to conduct regular pigging on the pipelines
2. Operator to conduct smart pigging every 5 years to detect anomalies such as internal and external corrosion or denting.
3. Operator to conduct leak detection, including aerial surveys at least 2 times per year.
4. With respect to each Well Site, Operator to conduct pre-drill and post-drill pressure testing, pressure testing before commencing every phase of operations, and annual pressure testing thereafter.
5. To the maximum extent feasible, all flow lines, gathering lines, and transmission lines shall be sited a minimum of one-hundred and fifty (150) feet away from general residential, commercial, and industrial buildings, as well as the high-water mark of any surface water body. This distance shall be measured from the nearest edge of the pipeline.
or flowline. Pipelines and gathering lines that pass within 150 feet of general residential, commercial, and industrial buildings or the high water mark of any surface water body shall incorporate leak detection, secondary containment, or other mitigation, as appropriate. The mitigation plan for such pipelines and gathering lines shall be submitted to the City.

6. To the maximum extent feasible, Operator shall use boring technology when crossing streams, rivers, or irrigation ditches with a pipeline to minimize negative impacts to the channel, bank, and riparian areas.

7. All new pipelines shall have the legal description of the location recorded with the Clerk and Recorder of the City within thirty (30) days of completion of construction.

8. Operator will submit to City all records required to be submitted to PHMSA or the PUC including those related to inspections, pressure testing, pipeline accidents and other safety incidents.
EASEMENT GRANT

THIS EASEMENT GRANT ("Grant") is made this _____ day of _____, 2017 by The City and County of Broomfield, whose address is One DesCombes Drive, Broomfield, Colorado 80020, hereinafter called "Grantor" or "City" (whether grammatically singular or plural), to Extraction Oil & Gas Inc., a Delaware Corporation, whose address is 370 17th Street, Suite 5300, Denver, CO 80202, hereinafter called "Grantee". Grantor and Grantee are collectively called "Parties" and individually "Party." The Parties agree as follows:

WITNESSETH:

For and in consideration of Ten Dollars and 00/100ths ($10) and other good and valuable consideration, the receipt whereof is and sufficiency of which are hereby acknowledged, Grantor hereby grants, conveys and warrants to Grantee, its agents, successors and assigns, non-exclusive perpetual easements (each, an "Easement") for the purposes and uses described herein along certain rights-of-way and other property owned by the Grantor, situated in the City and County of Broomfield, State of Colorado, as described in the map attached hereto and incorporated herein by reference as Exhibit A (hereinafter referred to as the "Easement Areas"). A legal description of the mutually agreed as-built Easement Areas will be attached hereto as Exhibit B and, once attached, shall be incorporated into this Grant. The Parties acknowledge that any grant made for the use of an existing public right-of-way owned by the City shall be a shared use consistent with the requirements set forth in Chapter 14-10 of the Broomfield Municipal Code, the Amended and Restated Operator Agreement between the City and Operator, dated October 24, 2017 (the "Operator Agreement"), and other applicable federal, state, and local laws.

The conditions of this Grant are as follows:

1. This Easement, as granted by the Grantor to the Grantee, shall be for the purpose of entering, occupying and using laying, constructing, maintaining, operating, patrolling, repairing, replacing, accessing, surveying, placing, traveling across, using, installing, inspecting, relocating, rebuilding, changing in size, reconstructing, altering, marking, monitoring, improving, enlarging, abandoning, removing and reclaiming certain above and below ground pipelines (with fittings, tieovers, cathodic protection equipment, valves, manholes, gas meter/regulator stations, guardrails, fences, devices, launchers, receivers and valve stations and all appliances appurtenant thereto) for the transportation or transmission of oil, gas, petroleum products, water, electricity, hydrocarbons and other liquids or any other substances whether fluid, solid or gaseous, and any products, derivatives, combinations or mixtures of any of the foregoing and associated with crude oil along routes across the Easement Areas. All pipelines shall be below ground as set forth herein except for the water pipeline as shown on Exhibit A.

2. Grantee shall have and exercise all rights, privileges and benefits necessary or convenient for the full use and enjoyment of this Easement, including, but not limited to, the right of ingress and egress in, to, over, through and across the described Easement Areas and Grantor's lands lying adjacent to the Easement Areas, for any and all purposes needed for the full use and enjoyment of the right of occupancy or use provided for herein. Grantee shall lay all
below ground pipelines in the Easement Areas at a depth of not less than 48 inches below the surface of the ground, except for the pipelines traversing through Section 4 and Section 34, Township 1 South, Range 68 West, 6th P.M. along Huron Street between 160th Avenue and Highway 7, which will run not less than 92 inches deep below final grade. The width of the Easement Areas shall be one-hundred feet (100') during the initial construction and subsequent repairs, replacement, relocation, rebuilding, reconstruction, or removal of the Lines and, at all other times, the width of the permanent Easement shall be thirty feet (30').

3. Except as stated above, the Grantee shall not construct or place any permanent structure, building, improvement, or fixture on any portion of the above described of the Easement Areas. The Grantee may construct and permanently place pipeline markers and cathodic protection leads within the Easement Areas on an as needed basis to the extent such improvements are required by applicable regulations. Any other above-ground construction within the Easement Areas shall be subject to advance approval of Grantor, approval not to be unreasonably withheld.

4. After construction of the pipelines, as hereinabove referred to, Grantee shall repair and reclaim any damages it may cause to any public improvements located within or upon the Easement Areas, including but not limited to any damages to any public right-of-way, landscaping, sidewalks, streets, highways, trails, lighting, signage, signals, and utilities. Additionally, the Grantee shall repair and restore the general surface of the ground of the Easement Areas to the grade and condition it was in immediately prior to construction as near as practical, at the Grantee's sole cost and expense. Grantee shall repair and restore, at the Grantee's sole cost and expense, any publicly improved rights-of-way as required by the City's engineer. Grantee shall reclaim any disturbed surface area within the Easement Areas, including the removal of any excess earth resulting from installation by the Grantee, and shall reseed as needed utilizing native seed mix. All reclamation of the Easement Areas shall be at the sole expense of the Grantee. Grantee shall maintain the right to cut and keep the Easement Areas clear of all trees, brush and other obstructions that may injure, endanger or interfere with the construction and use of said pipelines.

a. Maintenance and General Operation. The Grantee shall at all times keep the Easement Areas, access roads used exclusively by them, and pipeline easements used exclusively by them safe and in good order and free of noxious weeds, litter and debris. The Grantee shall dispose of all litter, sewage, waste, and debris caused or created by Grantee off the Easement Areas at an appropriate disposal site. Grantee shall promptly reclaim and reseed the Easement Areas in accordance with the Operator Agreement and applicable federal, state, and local regulations and use reasonable efforts to prevent the release or discharge of any toxic or hazardous chemicals or wastes on the Property; provided, however, in the event of a release or discharge, Grantee shall comply with the terms of the Operator Agreement and applicable federal, state, and local regulations and any other applicable laws, rules, and regulations that apply to the release or discharge.

b. Water, Fluids and Waste. All water, fluids and waste of any nature whatsoever which are used, produced or discharged from the Grantees' operations or
facilities shall be used, produced and discharged in accordance with all applicable rules and regulations of the governmental authorities having jurisdiction over such matters. Further, all water, fluids and waste of any nature whatsoever which are used, produced or discharged in connection with the Grantees’ oil and gas operations shall not be discharged on, in, under, or near the Easement Areas and shall be discharged and held only in a closed loop system. The Grantee shall implement industry standard management practices to avoid the spill, release or discharge of any pollutants, contaminants, chemicals, solid wastes, or industrial, toxic or hazardous substances or wastes at, on, in, under, or near the Easement Areas, including those set forth in the Operator Agreement. Any such spill, release or discharge, including without limitation, of oil, gas, grease, solvents, or hydrocarbons that occurs at, on, in, under, or near the Easement Areas shall promptly be remediated in compliance with applicable laws and the Operator Agreement. Any such spill, release or discharge that is reportable to regulatory authorities under applicable laws shall be reported to the owner of the Easement within 24 hours by telephone, fax, or e-mail, to be followed by copies of written notices that Grantee has filed with regulatory authorities within five business days after such filing.

5. The Grantee, by acceptance hereof, agrees to pay for damages to any existing or future public improvements to the Easement Areas which may arise from laying, constructing, maintaining, operations, repairing, replacing or removing said pipeline. Further, the Grantee agrees to pay for any relocations of the pipeline that are made at the request of the City, provided the City’s request is made pursuant to Section 14-10-190 of the Broomfield Municipal Code. Any relocation requested by the City which is not subject to Section 14-10-190 shall be at the expense of the City.

6. The Grantee shall take reasonable measures to minimize erosion of the surface of the Easement Areas caused by its operations within the Easement Areas.

7. Grantor has retained the right to the use and occupancy of the Easement Areas insofar as such use and occupancy is consistent with and does not in any way interfere with or impair the grant herein contained and except as herein otherwise provided. Grantee acknowledges that Grantors current and planned uses of the Easement Areas include certain public improvements within the Easement Areas, including but not limited to, landscaping, public rights-of-way, public open space and open lands, sidewalks, streets, highways, trails, lighting, signage, signals, pipelines and utilities (“Site Improvements”). Any grant contained herein permitting the Grantee to use the public right-of-way for its operations shall be secondary to any public use of the right-of-way and shall be reconciled with any competing uses. Any use of public open space or open lands by the Grantee shall not unreasonably interfere with said public uses. Site Improvements may be installed in the Easement Area as long as such uses do not interfere with Grantee's rights as herein granted. Without limiting the generality of the foregoing, (1) there shall be no excavation or planting of deep rooted trees or shrubs by Grantor, or anyone acting on behalf of, or through Grantor, within fifteen feet (15’) of the centerline of any installed pipeline; and (2) if Grantor desires to construct a fence, the fencing must be designed, installed and maintained by Grantor so that at all times the Easement Areas are passable by Grantee, its contractors, agents, and invitees, through a gate no less than fifteen feet
(15’) wide and Grantee must be provided a key, access code, or other means of releasing any lock or security device on such gate. Grantee shall be allowed, upon notice to the City, to cut, prune, or otherwise control, shrubs, trees, and other vegetation which may adversely impact the Grantee’s use of the Easement Areas. In the event any shrubs, trees, or other vegetation needs to be permanently removed so as not to adversely impact the Grantees use of the Easement Areas, the Grantee shall work with the City to identify a mutually agreeable solution. Any such maintenance activities initiated by the Grantee shall be at the Grantee’s sole cost and expense. If Grantor builds, constructs, or permits to be built or constructed any obstruction, building, fence, landscaping, reservoir, engineering works or other structures or Site Improvements over, under or across the Easement Areas that interferes with Grantee’s use of the Easement Areas, Grantor and Grantee will work to identify a mutually agreeable solution.

8. The Grantor warrants that he has full right and lawful authority to make the grant hereinabove contained, and promises and agrees to defend the Grantee in the exercise of its rights hereunder against any defect in his title to the land involved or his right to make the grant hereinabove contained.

9. Each and every one of the benefits and burdens hereunder shall inure to and be binding upon the respective legal representatives, heirs, successors, executors, administrators, and assigns of the parties hereto.

10. All costs associated with the Grantee’s use of the Easement Areas and the Grantee’s responsibilities pursuant to this Agreement, including, but not limited to, costs associated with laying, constructing, maintaining, operating, patrolling, repairing, replacing and removing any of its pipelines or other improvements to the Easement Areas shall be borne by Grantee; and Grantee shall and does hereby agree to indemnify and hold Grantor harmless from all claims for damages or liens arising from the operation, use, laying, constructing, maintaining, operating, patrolling, repairing, replacing and removing of any of its pipelines or other improvements to the Easement Areas. Grantee assumes liability for injury to person and damage to the Easement Areas and other areas of the Grantor’s property arising out of the Grantee’s actions or omissions in using, occupying, and maintaining the Easement Areas. Nothing contained herein shall constitute any waiver by Grantor of the provisions of the Colorado Governmental Immunity Act or any other immunity or defense provided by statute or common law.

11. The Grantor reserves the right to cross pipeline and flowline easements at approximately right angles, and the Grantor shall also have the right to install and maintain easements that are adjacent to or within the Company’s pipeline and flowline easements as depicted on Exhibit B for utility lines, including those for water, gas, sewer, electric, telephone, cable, television, fiber optics, other pipelines, and other utilities; provided, however: i) any new underground facilities which travel along a pipeline easement or flowline easement identified herein shall be located a distance horizontally of at least ten (10’) feet from parallel existing pipelines and flowlines; ii) any new underground facilities shall have at least twenty-four (24) inches of vertical clearance between the new facility and a flowline or pipeline provided for herein; and iii) any overhead power lines shall be at least twenty (20’) feet above the ground. In
certain areas depicted in Exhibit A the underground pipelines with run within the City right-of-way which will be a shared use of the City right-of-way with other public and private utility providers. Uses within the City right-of-way shall be in conformance with Chapter 14-10 of the Broomfield Municipal Code and all other local, state, and federal rules, regulations, and laws.

12. The Grantee hereby agrees to conduct its operations in accordance with the Operator Agreement and in a manner which prevents any contamination by oil, gas or other hydrocarbon substances or related exploration for, or development and production of oil, gas or other hydrocarbon substances at, on, under or near the Easement Areas. If contamination has been caused by the Grantee's operations, the Grantee shall immediately remediate and indemnify and hold the City harmless for such contamination at their sole expense. Any obligation of the Grantee to remediate and indemnify the Grantor shall include, but not be limited by, the following environmental obligations:

a. **Environmental Indemnity.** The environmental matters shall be governed exclusively by the following:

(i) "**Environmental Claims**" shall mean all Claims asserted by the Grantor, governmental bodies or other third parties for pollution or environmental damage of any kind, arising from operations on or ownership of the Easement Areas, and all cleanup and remediation costs, fines and penalties associated therewith, including any Claims arising from Environmental Laws or relating to asbestos or to naturally occurring radioactive material. Environmental Claims shall not include the costs of any remediation undertaken voluntarily by any party, unless such remediation is performed under the imminent threat of a Claim by a governmental body or other third party.


(iii) **Indemnification.** The Grantee shall protect, defend, indemnify, and hold harmless Grantor from any Environmental Claims relating to the Easement Areas or the associated oil and gas operations areas that arise out of the operations of the Grantee and their agents, employees, contractors and representatives of any Grantee pipeline or Grantor flowline easement on the
Easement Areas. This indemnity specifically covers, but is not limited to, the
Grantee's use of the Easement Areas.

b. Exclusion From Indemnities. The indemnities of the Parties herein shall
not cover or include any amounts which the indemnified party is actually reimbursed by
any third party, net of reasonable attorney's fees and costs incurred by the indemnified
party in recovering such amounts. The indemnities in this Agreement shall not relieve
any party from any obligations to third parties.

c. Release. To the maximum extent permitted by applicable laws, the
Grantee hereby release and waive and discharge the Grantor, its insurers, elected
officials, respective managers, officers, directors, employees, agents, attorneys,
successors, and assigns, from any and all liability for personal injury, death, property or
other damage, or otherwise arising out of the Grantees' or their agents', employees',
contractors' and representatives' operations under this Agreement or their use of the
Easement Areas, unless such injury, death, or damage is the result of the City's
negligence, gross negligence or willful misconduct.

13. The above and foregoing constitute all terms and conditions of this grant and no
additional or different oral representation; promise or agreement shall be binding on Grantor or
the Grantee with respect to the subject matter of this Grant. The Parties agree that this agreement
remains subject to the Operator Agreement. To the extent that any provisions hereof conflict
with any provisions of the Operator Agreement, such provisions of the Operator Agreement shall
control and supersede any other term or provision hereof. This Grant is freely assignable without
restriction.

14. The Grantee shall comply with all common law, statutory and regulatory laws,
permit requirements and conditions, all regulations of the Colorado Oil and Gas Conservation
Commission, and the standards contained in the oil and gas section of Broomfield's
Comprehensive Plan, as such laws apply to its operations and use of the Easement Areas,
including, but not limited to plugging and abandoning of oil and gas operations areas and
pipelines in the Easement Areas in accordance with all applicable law. At the time the Easement
Areas ceases to be used or useful by Grantee, it shall abandon and remove the pipeline in
accordance with the Operator Agreement and all applicable law and this grant of easement shall
terminate, with all indemnification provisions contained in this Easement Grant surviving such
termination.

15. Notices. Any notice required or permitted under this Grant shall be in writing and
shall be sufficient if personally delivered or mailed by certified mail, return receipt requested,
addressed to the following:

If to the Grantor:

City and County Manager
City and County of Broomfield
One Descombes Drive
Broomfield, Colorado 80020
If to Grantee: Extraction Oil & Gas, Inc.
Attn: Legal Department
370 17th Street, Suite 5300
Denver, Colorado 80202

Notices mailed in accordance with the provisions of this Paragraph shall be deemed to have been given upon mailing. Notices personally delivered shall have been deemed to have been given upon delivery. Either party may change its address by giving notice thereof to the other party in the manner provided in this Paragraph.

16. Grantee shall record an original of this Grant and any amendments thereto in the records of the City.

17. The failure of either party to exercise any of its rights under this Grant shall not be a waiver of those rights. A party waives only those rights specified in writing and signed by the party waiving its rights.

(Signature Page to Follow)
IN WITNESS WHEREOF, the parties hereto have entered into this as of the day and year first set forth above.

EXTRACTION OIL & GAS, INC.

__________________________
Matthew R. Owens, President

STATE OF COLORADO  

) ss

COUNTY OF ____________

The foregoing easement was acknowledged before me this ____ day of ____________ 2017, by ________________________________.

Witness my hand and official seal.

(SEAL)

______________________________
Notary Public

My commission expires __________________
CITY AND COUNTY OF BROOMFIELD

____________________________
Mayor

ATTEST:

____________________________
CITY AND COUNTY CLERK

APPROVED AS TO FORM:

____________________________
CITY AND COUNTY ATTORNEY
EXHIBIT A

Pipeline Route
Exhibit B
As-Built Legal Description of the Easement Areas
EXHIBIT G
Insurance Requirements

During the term of the Agreement, Operator shall comply with the following requirements:

1. Operator shall maintain or cause to be maintained, with insurers authorized by the state of Colorado and carrying a financial strength rating from A.M. Best of no less than A- VII (or a similar rating from an equivalent recognized ratings agency), at a minimum, the following types of insurance with limits no less than the amounts indicated:

   A. Commercial General Liability insurance on an occurrence based form including coverage for bodily injury or property damage for operations and products and completed operations with limits of not less than $1,000,000 each and every occurrence.

   B. Automobile Liability insurance with limits of not less than $1,000,000 each and every occurrence.

   C. Workers’ Compensation insurance - Statutory Workers’ Compensation Coverage for the employee’s normal State of employment/hire. Including Employer’s Liability insurance – with limits of not less than $1,000,000 Each Accident, Disease–Each Employee, Disease–Policy Limit.

   D. Control of Well/Operators Extra Expense insurance – with limits of not less than $10,000,000 covering the cost of controlling a well that is out of control or experiences a blowout, re-drilling or restoration expenses, seepage and pollution damage resulting from an out of control well or blowout as first party recovery for the operator and related expenses, including, but not limited to, loss of equipment and evacuation of residents.

   E. Umbrella/Excess Liability – in excess of General Liability, Employer’s Liability, and Automobile Liability with limits no less than $25,000,000 per occurrence; provided, however, that for so long as the Construction Phase, Drilling Phase or Completions Phase is ongoing at any of the Well Sites, Operator will maintain such insurance with limits no less than $100,000,000 per occurrence.

   F. Environmental Liability/Pollution Legal Liability insurance – with limits of not less than $5,000,000 per pollution incident, with coverage being required beginning with the date that is eight (8) years from the date of first production from the first New Well (the “Required Date”). Coverage must include gradual pollution events. This insurance may be on a claims-made basis, however the retroactive date must precede the Required Date in order to cover all New Wells and Well Sites.
2. Operator shall waive and cause its insurers under the above policies to waive for the benefit of the City any right of recovery or subrogation which the insurer may have or acquire against BROOMFIELD or any of its affiliates, or its or their employees, officers or directors for payments made or to be made under such policies.

3. As it pertains to the risks and liabilities assumed by Operator under this Agreement, Operator agrees to add the City and its elected and appointed officials and employees as Additional Insureds under general liability (including operations and completed operations), auto liability and umbrella liability.

4. Operator shall ensure that each of the policies are endorsed to provide that they are primary without right of contribution from the City or any insurance or self-insurance otherwise maintained by the City, and not in excess of any insurance issued to the City.

5. Operator shall ensure that each of the policies above (excluding workers’ compensation and OCC/COW) are endorsed to state that the inclusion of more than one insured under such insurance policy shall not operate to impair the rights of one insured against another insured and that the coverage afforded by each insurance policy shall apply as though a separate policy had been issued to each insured.

6. All policies shall be endorsed such that they cannot be canceled or non-renewed without at least 30 days’ advanced written notice to the Operator and the City, evidenced by return receipt via United States mail, except when such policy is being canceled for nonpayment of premium, in which case 10 days advance written notice is required. Language relating to cancellation requirements stating that the insurer’s notice obligations are limited to “endeavor to” are not acceptable.

7. Operator shall, prior to permit issuance, deliver Certificates of Insurance reasonably acceptable to the City confirming all required minimum insurance is in full force and effect.

8. Deductibles or retentions shall be the responsibility of Operator. Deductibles or retentions must be listed on the Certificate of Insurance required herein and are subject to the reasonable approval of the City.

9. Operator shall require any of its subcontractors to carry the types of coverage and in the minimum amounts in accordance with the requirements set out in Section 1.A, 1.B and 1.C. Operator agrees that it shall be responsible for any damage or loss suffered by the City as a result of non-compliance by Operator or any subcontractor with this section.

10. In the event that Operator’s coverage lapses, is cancelled or otherwise not in force, the City reserves the right to obtain insurance required herein and charge all costs and associated expenses to Operator, which shall become due and payable immediately.
11. In the event that the coverage required by Section 1.F is not widely available to operators in the Denver-Julesburg Basin, in lieu of the coverage required by Section 1.F, Operator and the City shall establish a joint escrow account that shall be used to satisfy any obligations of Operator that would have otherwise have been covered by the coverage required by Section 1.F. Operator shall fund such account with an amount equal to $5,000.00 per New Well then-producing (the “Per Well Amount”). The aggregate amount to be placed into the account shall be re-visited on an annual basis based on the then-number of producing New Wells. The Per Well Amount shall be adjusted each year by the increase or decrease in the Consumer Price Index issued by the United States Bureau of Labor Statistics for the Denver – Boulder metropolitan area. Any interest accrued in the account shall be credited towards the Operator’s required contributions to the account and any excess amounts in the account above and beyond the amount required by this provision shall be promptly returned and released to Operator.
SURFACE USE AGREEMENT

This Surface Use Agreement (hereinafter “Agreement”), is made and entered into effective this 24th day of October, 2017 (the “Effective Date”), by and between Extraction Oil & Gas, Inc. (“Operator” or “Extraction”), a Delaware corporation located at 370 17th Street, Suite 5300, Denver, CO 80202 and the City and County of Broomfield, Colorado, a municipal corporation, with an address of One DesCombes Drive, Broomfield, Colorado 80020 (“Surface Owner” or “City”). Operator and Surface Owner may each be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, City owns the surface and the minerals of certain lands located in City and County of Broomfield, which are more particularly described as:

TOWNSHIP 1 SOUTH, RANGE 68 WEST, 6th P.M.
Section 9: Part of the N½ of Section 9, the City and County of Broomfield, State of Colorado and also designated as City and County of Broomfield Open Space (“Open Space”); and

TOWNSHIP 1 SOUTH, RANGE 68 WEST, 6th P.M.
Section 7: Part of the NE¼ of the SE¼ of Section 7, the City and County of Broomfield, State of Colorado and also designated as City and County of Broomfield Open Lands (“Open Lands”) on which the Livingston 43-7 well is currently owned and operated by Operator.

Both as more particularly depicted on the map attached hereto as Exhibit A (the “Surface Lands” or “Lands”);

WHEREAS, Operator owns interests in oil and gas leases covering lands adjacent to and including the Surface Lands (the “Leases”);

WHEREAS, Operator intends to explore, develop, drill, construct, complete, produce, maintain, rework, operate, plug and abandon, and reclaim horizontal oil and gas wells (“Northwest and United Wells” and “Livingston Wells” or “New Wells”) from the Surface Lands for purposes of producing oil, gas and other minerals from the Leases and other nearby lands. New Wells shall be located on the oil and gas Well Sites described on Exhibit B attached hereto known as production pads for the Northwest A & B and United B Well Site (the “Northwest & United Well Sites”) and the Livingston Well Site (the “Livingston Wells”, and collectively with the Northwest & United Well Sites, the “Well Sites”);

WHEREAS, it is necessary that Operator enter, occupy and use a portion of the Surface Lands to explore, survey, develop, drill, construct, complete, produce, maintain, rework, operate, plug and abandon, and reclaim the Surface Lands of the New Wells, and all Facilities associated therewith including for Oil and Gas Operations. “Oil and Gas Operations” has the meaning set
forth for such term in the 100 Series of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission ("COGCC");

WHEREAS, Operator also desires to access and use on a non-exclusive basis the surface and subsurface of certain portions of the Lands in connection with Operator’s Oil and Gas Operations for the construction, use, and maintenance of access roads (including existing roads on the Lands) ("Access Roads"), oil, gas and water pipelines (the "Pipelines"), and the installation and location of electrical power lines and other specialized equipment necessary to support its Oil and Gas Operations, including but not limited to constructing production facilities, emission control devices, vapor recovery towers, vapor recovery units, flowlines, gathering lines, gas gathering systems, temporary above ground water lines, temporary above ground completion fluid lines or fresh water lines, separators, pig launchers, compressor sites, and receivers (each a "Facility" or collectively "Facilities");

WHEREAS, the location of necessary Access Roads, Pipelines, and Facilities are more particularly depicted on the map attached hereto as Exhibit C;

WHEREAS, it is expected that Operator will need to use approximately thirty-two and one-half (32.5) acres of the City’s Lands for its Oil and Gas Operations and related Facilities;

WHEREAS, the Pipelines will connect wells to be developed at approved sites where Operator has rights to drill New Wells on the property pursuant to an Amended and Restated Oil and Gas Operator Agreement ("Operator Agreement");

WHEREAS, the Operator Agreement shall be approved by City Council Resolution and executed contemporaneously with this Agreement and will have an effective date coinciding with the Effective Date of this Agreement;

WHEREAS, the Parties desire to enter into this Agreement to establish their respective rights and obligations with respect to the Surface Lands in accordance with the terms and provisions set forth herein, with such terms and provisions being expressly subject to the terms and conditions of the Operator Agreement entered into on even date herewith;

WHEREAS, all terms defined herein are intended to be consistent with the definitions set forth in the Operator Agreement and will have the definition set forth in the Operator Agreement, if available, and in the event of any inconsistency between the Operator Agreement and this Agreement, the Operator Agreement shall control; those terms not defined in the Operator Agreement but defined herein will have the definition set forth herein;

WHEREAS, Operator is the successor-in-interest to the Surface Use Agreement (the "Prior SUA") between the Surface Owner and Noble Energy, Inc., and approved by the City Council for the City and County of Broomfield on November 13, 2012, and recorded at Reception No. 2012014944 and is the successor-in-interest to a Use by Special Review ("USR") Permit that was approved by the City on July 12, 2011 and recorded at Reception No. 2011006781; and
WHEREAS, the City is willing to confirm and expressly convey to Operator rights to the Surface Lands as set forth herein.

NOW, THEREFORE, for and in consideration of the mutual covenants of the Parties and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. **Incorporation of Recitals.** The foregoing recitals are hereby incorporated by reference and the Parties agree that they are true and correct.

2. **Livingston Well and Lands Presently Subject to the Prior SUA.** Operator presently owns and operates the Livingston 43-7 Well generally located in the NE/4SE/4 of Section 7, Township I South, Range 68 West (the “Livingston Well”). The Livingston Well is located on lands subject to the Prior SUA as discussed in Recital D and in other provisions of the Prior SUA. The Parties agree that Operator may continue to operate, maintain and produce from the Livingston Well and related facilities, subject to the requirement to plug and abandon such well in accordance with Section 8 of the Operator Agreement. All provisions of the Prior SUA and the USR permit limited to those applicable to the operation of the Livingston Well and related facilities, including those provisions relevant to access, roads, flowlines and pipelines, and compliance with state and local regulations, will remain in full force and effect until such time as Operator plugs and abandons such well in accordance with Section 8 of the Operator Agreement. After the Effective Date, the development of any New Wells and related facilities on or near lands subject to the Prior SUA shall be governed by the terms of the Operator Agreement and by this Agreement.

3. **Surface and Subsurface Use Rights.** City hereby grants Operator the non-exclusive right for it, its agents, employees, and contractors, and their agents and employees, to enter upon and conduct Oil and Gas Operations, including the use of all required Facilities, upon the surface and subsurface of the City’s Lands, as such Lands are more particularly described in Exhibit A. This grant shall be pursuant to the terms and conditions described herein and in accordance with the Operator Agreement. Any use of the Lands or Surface Lands by the Operator shall be limited to such uses.

4. **New Wells and Well Sites.** The locations of New Wells and all associated Facilities to be constructed on the Surface Lands on the Well Sites have been discussed in negotiations between the City and the Operator and have been defined and designated in the Operator Agreement. New Wells may only be located upon the Well Sites as generally shown on Exhibit B. The Operator shall have exclusive use of the Well Sites until all drilling and completion phases of the Operator’s Oil and Gas Operations have been completed for each individual Well Site; provided, however, nothing in this Agreement shall limit any of the City’s rights of entry and inspection of the Well Sites as set forth in the Operator Agreement. Once all drilling and completion phases have been completed on any individual Well Site, such Well Site shall automatically reduce to only such portions of the Surface Lands that are reasonably
required for the Operator to safely conduct the operational phase of its Oil and Gas Operations. Any portion of the Surface Lands removed from a Well Site ("Reclaimed Premises") shall be considered a Shared Premises in accordance with Section 5 herein; provided that, some or all of such Reclaimed Premises may be re-utilized by Operator on a temporary basis from time to time as necessary to conduct maintenance, workover, re-entry or other well work so long as any such Reclaimed Premises are again reclaimed in accordance with this Agreement following such temporary use. Operator shall have the right to locate, build, repair and maintain Facilities of the New Wells within the Well Sites, in accordance with the terms and conditions of the Operator Agreement.

5. **Shared Premises.** Each Party hereby agrees and consents to each other Party’s right, on a non-exclusive basis, to the use and access of those certain portions of the surface of the Surface Lands (collectively, "Shared Premises"), that are not Well Sites, provided that such use by any Party shall remain subject to the terms of this Agreement.

6. **Pipelines, Gathering Lines, Lines and Flowlines.**

   6.1 **Grant of Easement.** Surface Owner hereby grants, conveys and warrants to Operator, its agents, successors and assigns, a non-exclusive permanent and perpetual right-of-way and easement ("Easement") to enter upon the Surface Lands and occupy and use the areas described on Exhibit C (the "Easement Area"), subject to the Term as set forth in Section 15 of this Agreement. The Easements are subject to the terms, conditions and limitations herein and subject to all existing easements and rights-of-way and all existing Surface Owner improvements, if any, located on, over or under the Surface Lands and shall be Shared Premises under this Agreement. Operator shall cross existing Surface Owners rights-of-way at the designated locations. The route and course of the right-of-way and easement granted and conveyed are more particularly described on Exhibit C. The width of the Easement Area shall be one-hundred feet (100’) during initial construction and during subsequent repairs, replacement, relocation, rebuilding, reconstruction, or removal of the Lines (as defined below) and, at all other times, the width of the Easement Area shall be thirty feet (30’). In consideration for the grant of the Easement, Operator shall make a cash payment to the Surface Owner in an amount equal to $20.00 per linear foot for the length of the Easement Area within the Open Space and there shall be no payment for use of the Easement Area within the Open Lands.

   6.2 **Scope of Easement.** The Easement granted to Operator is limited in scope to the following permitted rights: to survey, lay, place, travel across, use, construct, maintain, inspect, operate, repair, replace, relocate, modify, rebuild, change the size of, reconstruct, mark, monitor, abandon, remove and reclaim a pipeline and/or transmission line system consisting of one or more pipelines, electric power lines, equipment and appurtenances (collectively, the "Lines"), all of which shall be below ground, for the transportation or transmission of oil, gas, petroleum products, produced water, electricity, hydrocarbons and any other substances, whether electronic, fluid, solid or gaseous, and any products, derivatives, combinations or mixtures of any of the foregoing, in, on, over, under, or through the Easement Area except for the fresh water line that will carry fresh
water above ground from the Weber H Unit 1 Well Pad, which was approved by the City on February 12, 2013 for a use by special review permit by Resolution No. 2013-22, to the New Well Sites. Operator shall have all rights, privileges and benefits necessary or convenient for the full use and enjoyment of this Agreement, including but not limited to, the right of ingress and egress in, to, over and through the Surface Lands for the exercise of each of the permitted rights granted herein and in the Operator Agreement, as well as the right to maintain, add to, increase or decrease the diameter of any replacement Lines, modify, repair, replace or remove the Lines, and to replace all or any part of the Lines or any portion thereof by first laying replacement Lines.

6.3. **Temporary Work Easement.** During the initial and any subsequent construction of the Lines, Surface Owner does hereby grant to Operator the right, as reasonably needed from time to time, to additional temporary workspace on and adjacent to the Surface Lands in order to access, travel across, use, survey, construct, maintain, inspect, operate, repair, alter, replace, modify, change the size of, reconstruct, mark, monitor, abandon or remove the Lines or install additional equipment or appurtenances. Operator will require one-hundred feet (100’) feet in width of temporary work easement in order to complete the necessary work to bury the Lines at least 48 inches beneath the surface and complete other repairs, replacement, relocation, rebuilding, reconstruction, or removal of the Lines. Operator may install and operate temporary Lines on the surface while permanent Lines are being constructed, repaired, or maintained. Any temporary surface Lines shall be limited in use, and shall not be used for any period of greater than 90 days without the express written authorization of the City.

6.4. **Limitations of Use.** Operator acknowledges and agrees that City utilizes the Surface Lands for its water line (the “Water Line”), and that any Lines installed by Operator hereunder shall be separated from Surface Owner’s Water Line. City retains the right to the use and occupancy of the Easement Area insofar as such use and occupancy is consistent with and does not in any way interfere with or impair the rights herein granted. Operator agrees that its use of the Easement Area is non-exclusive and that other uses, including pipelines and utilities, may be installed in the Easement Area as long as such uses do not interfere with Operator’s rights as herein granted. City agrees not to build, construct, or permit to be built or constructed any building, fence, landscaping, reservoir, engineering works, or other structures or improvements over, under or across the Easement Area which may interfere with the Operator’s use of the Easement Area without prior written consent of Operator which consent will not be unreasonably withheld. The Parties acknowledge that City may use the Easement Area for public access and may construct an access drive, fence, landscaping, signs, sidewalk, or trail upon or within the Easement Area provided such improvements do not interfere with the Operator’s use of the Easement Area.

Lines shall be placed on certain specified locations called **Line Easements**, which are depicted on **Exhibit C**. Any deviation of the location of the Line Easements shall be mutually agreed upon in writing giving due consideration to utilizing the most direct economic routing and such agreement shall not be unreasonably withheld,
conditioned or delayed. If any Lines require relocation at City’s written request, City shall provide written notice of the request with an alternative route and allow a reasonable amount of time for Operator to construct the alternative Line route and tie in. Operator may not object to any such relocation so long as relocation is reasonable and feasible from a technical and engineering standpoint and complies with all applicable rules and regulations and received notice and the time to construction the alternative route. All such relocations shall be at City’s cost and expense as hereafter described. Operator shall abandon any portion of a Line, Easement Area, or Line Easements that will no longer be used for its operations. All abandoned flowlines or pipelines shall be abandoned in accordance with the Operator Agreement, the COGCC, and local, state and federal regulations. Additionally, Operator will provide notice to the City in writing of the abandonment and a map showing the location of the abandoned pipeline.

6.5 **Power Lines.** Operator will consult with City and, if applicable, with an independent power company supplying power to Operator with respect to the location of power lines prior to construction. All power lines will be underground in accordance with City policy.

7. **Access Roads.**

7.1 **Access Roads.** City agrees to allow Operator to construct new access roads or improve existing access roads on the Surface Lands at Operator’s own expense (the “Access Roads”). The Access Roads shall be on the locations depicted on Exhibit C.

7.2 **Existing Access Roads.** With respect to Access Roads existing as of the Effective Date, Operator shall maintain such Access Roads in at least as good or better condition as such roads are found prior to Operator’s use. The Operator retains the right to abandon use of an Access Road at any time. There will not be any additional consideration for use of the Access Roads.

7.3 **Grant of Easement.** Owner hereby grants to Operator, its successors and assigns, a non-exclusive right-of-way and easement over and across the Surface Lands for purposes of vehicular and pedestrian ingress, egress and regress. The location of the right-of-way and easement is more particularly described and shown on the survey included on Exhibit C (the “Road Access Area”). The Road Access Area shall be a Shared Premises under this Agreement.

7.4 **Maintenance.** Operator shall have the financial responsibility for maintenance of the Access Roads. Maintenance of the Access Roads shall include the use of preventive measures as are necessary to mitigate dust and maintain the surface of the Access Roads in a level, smooth and evenly-covered condition with the type of surfacing material originally installed or such substitute as shall in all respects be equal in quality, use, and durability.

7.5 **No Interference with Use.** Neither Party shall use the Access Roads in
any manner that would interfere with or be inconsistent with the other Party’s use thereof. The Parties acknowledge that the City may use the Access Roads for authorized City use and shall also be permitted to allow use otherwise in accordance with City regulations for Open Space and Open Lands, as applicable, provided that such use does not interfere with the Operator’s use of the Access Roads. The Parties acknowledge that the City shall be permitted to construct fencing, landscaping, signage, sidewalks or trails adjacent to the Access Roads.

8. **Location of New Wells, Access Roads and Facilities.** The City and the Operator have discussed the locations of New Wells, the Access Roads and all associated Facilities to be constructed on the Surface Lands and shall be located as provided in the Operator Agreement or this Agreement.

9. **Modifications and Variances Affecting Surface Use.** Modifications and variances to the designated Oil and Gas Operations areas may be required from time-to-time at the request of the Surface Owner or the Operator. The Operator agrees to consider such variances or modifications to COGCC rules, Broomfield Municipal Code or other law as requested by the Surface Owner for surface use pursuant to this Agreement and agrees to prepare the modification or variance requests according to the applicable rules, regulation and laws. The Surface Owner also agrees to consider the Operator’s requests for modifications or variances sought by Operator, with consent to such requests to not be unreasonably withheld, conditioned or delayed. It is also understood and agreed that additional Access Roads and Facilities located outside of the designated operating areas may be necessary for Operator’s activities and in these circumstances Surface Owner and Operator agree to designate a mutually agreeable location for said Access Roads and Facilities. Operator agrees not to use any more of the surface of the Surface Lands than is reasonably necessary to conduct its operations.

10. **Best Management Practices.** The Oil and Gas Operations on the Well Sites shall be conducted in accordance with the BMPs set forth in Exhibit B to the Operator Agreement.

11. **Reclamation.** Operator shall reclaim any disturbed areas in accordance with the terms of the Operator Agreement.

12. **Conduct of Operations.** Operator’s operations on the Surface Lands will be conducted pursuant to the terms of this Agreement, the Operator Agreement, the rules and regulations of the COGCC, applicable Colorado statutes and case law, and any applicable federal statutes and case law. This Agreement does not grant or otherwise vest in the Surface Owner a private right to enforce the rules and regulations of the COGCC or any other state statute, rule or law.

13. **City’s Cooperation and Assistance with Operator’s Other Regulatory Filings.** In the Operator Agreement and this Agreement, the City and Operator have reached agreement
on the location and other matters relating to designated Well Sites from which the Operator may
drill, complete, and operate New Wells. The Operator Agreement and this Agreement also,
among other things, established BMPs and other comprehensive processes by which the
Operator will provide advance notice to the City of proposed oil and gas operations and
otherwise work with the City as those operations move forward. As a result, the City agrees that,
so long as Operator is in compliance with the terms of the Operator Agreement and this
Agreement:

(a) the City hereby waives any right it may have under COGCC Rules or other law, as
presently enacted or amended in the future, to receive advance notice of, or consult with the
Operator about, proposed oil and gas operations subject to this Agreement. This waiver
includes, but is not limited to, a waiver of the City’s right, if any, to receive notice and consult
with the Operator as provided in COGCC Rules 305, 305A and 306. The City agrees that the
Operator may submit a copy of this Agreement to the COGCC as evidence of this waiver by the
City.

(b) the City hereby waives any right it may have under COGCC rules or other law, as
presently enacted or amended in the future, to protest or otherwise object to any permit
application or other regulatory filings by Operator with the COGCC or any other government.
This waiver includes, but is not limited to, a waiver of the City’s right, if any, to receive notice
and consult with the Operator as provided in COGCC Rule 303. The City agrees that the
Operator may submit a copy of this Agreement to the COGCC as evidence of this waiver by the
City.

(c) the City hereby waives any right it may have under COGCC rules or other law, as
presently enacted or amended in the future, to protest or otherwise object to any setback
proposed for a New Well by Operator with the COGCC or any other government. This waiver
includes, but is not limited to, a waiver of the City’s right, if any, to receive notice and consult
with the Operator as provided in COGCC Rule 603. The City agrees that the Operator may
submit a copy of this Agreement to the COGCC as evidence of this waiver by the City.

14. **Surface Use Payment.** The Parties acknowledge that prior compensation has
been paid by Operator for surface use hereunder of the Livingston Well Site. The Parties intend
that, in exchange for Operator’s surface use hereunder of the Northwest & United Well Sites,
which are designated as open space lands by the City, that Operator will convey to the City
approximately thirty-nine (39) acres of other lands, as described in more detail on Exhibit D (the
“Exchange Lands”), and the cash payment of a surface damage payment in the amount of
$650,000 (the “Cash Payment”) and the Operator will execute a special warranty deed no later
than March 1, 2018 to convey the Exchange Lands to the City (the “Conveyance Agreement”),
a form of which is attached hereto as Exhibit E. Operator will apply for a minor subdivision
with the City to allow for a conveyance of the Exchange Lands to the City. City Council for the
City has approved this Agreement at a public meeting through Resolution and has determined
that the Exchange Lands and the Cash Payment are just compensation for Operator’s surface use
hereunder of the Northwest & United Well Sites and for the other use of the Surface Lands set
forth in this Agreement.
15. **Term, Abandonment and Reclamation.** This Agreement will be effective upon City Council’s approval by resolution and signature by both Parties (the “Effective Date”), and will continue in full force and effect as long as the Operator has operations or owns or controls wells at the Well Sites and has Oil and Gas Operations at the Well Sites (“Term”), unless and until terminated as herein provided or unless otherwise terminated by law. The Term shall be extended if it is necessary for the Operator to access the Surface Lands to plug and abandon the New Wells and to reclaim the Surface Lands as provided in this Agreement and for such other purposes as necessary to comply with the BMPs, the rules and regulations of the COGCC or any other government or other law. The Term of the Agreement will hereby continue until such wells are plugged and the land is reclaimed consistent with the BMPs, the rules and regulations of the COGCC or any other government or other law. The provisions of Section 23 shall survive following the end of the Term.

16. **Limitations on Use.** Operator shall not commit or permit any waste, injury or nuisance upon the Surface Lands, and shall not use or permit the Surface Lands to be used for any purpose contrary to state or federal law.

17. **Taxes.** Surface Owner shall pay any property taxes or taxes attributable to the Surface Lands assessed, due and payable against the Surface Lands during the Term of this Agreement.

18. **Surface Lands Excluded from New Special Taxing Districts.** To the extent not prohibited by law, the City and Operator agree that the City shall not take any affirmative action to approve, without Operator’s written consent, the inclusion any of the Well Sites or any of the Surface Lands used by Operator for Oil and Gas Operations in any new or materially modified special districts or limited purpose governmental entities organized pursuant to the Colorado Special District Act, Article 1 of Title 32 of the Colorado Revised Statutes, or any other similar Colorado statutes or laws.

19. **Mineral Lands Excluded from New Special Taxing Districts.** Operator represents that, at present, it owns certain oil and gas leasehold or other mineral interests in the Lands (the “Minerals”). To the extent not prohibited by law, the City and Operator agree that the City shall not take any affirmative action to approve, without Operator’s written consent, the inclusion of the Well Sites or any of the Minerals in any new or materially modified special districts or limited purpose governmental entities organized pursuant to the Colorado Special District Act, Article 1 of Title 32 of the Colorado Revised Statutes, or any other similar Colorado statutes or laws.

20. **Representations.** Each Party represents that it has the full right and authority to enter into this Agreement, and Surface Owner specifically confirms its capacity to validly execute the rights of way and easements provided herein. Surface Owner represents that it owns certain oil and gas leasehold interests on the Lands. Operator represents, and specifically asserts, that it does not have the right to bind any other oil and gas leasehold interest owner, mineral owner, lessee, or assignee for the Property.

21. **Successors and Assigns.** The Parties may transfer their respective rights or
interests in the Surface Land. No Party shall assign, sublet, mortgage, or otherwise transfer or encumber this Agreement or any right or privilege contemplated herein, without the prior written consent of each other Party hereto, which consent shall not be unreasonably withheld, conditioned or delayed. This Agreement constitutes an easement, right-of-way, and covenant running with the Surface Lands and will be binding upon and inure to the benefit of, and be enforceable by, the Parties and their respective successors, affiliates, administrators, trustees, executors, and assigns.

22. Notices. Any notice or other communication required or permitted under this Agreement shall be given in writing either by i) personal delivery; ii) expedited delivery service with proof of delivery; or iii) United States Mail, postage prepaid, and registered or certified mail with return receipt requested, addressed as follows:

**If to OPERATOR:**

Extraction Oil & Gas, Inc.
370 17th Street, Suite 5300
Denver, CO 80202
Attention: Land Department

**If to SURFACE OWNER:**

City & County Manager
City and County of Broomfield
One DesCombes Dr.
Broomfield, CO 80020

with a copy to:

City & County Attorney
City and County of Broomfield
One DesCombes Dr.
Broomfield, CO 80020

Any Party may, by written notice so delivered to the other Party, change the address or individual to whom delivery shall thereafter be made.


a. **Each Party Responsible for Its Operations/Ownership.** Each Party shall be and remain responsible for all losses, claims, damages, demands, court awards, suits, causes of action, fines, penalties, expenses and liabilities, including without limitation, attorneys’ fees and other costs associated therewith (all of the foresaid collectively referred to “Claims”), arising out of or connected with each such Party’s ownership or operations on the Surface Lands, regardless of when asserted, subject to
statute of limitations. The provisions in this section do not, and shall not be construed to, create any rights in persons or entities not a party to this Agreement, nor does it create any separate rights in Parties to this Agreement, other than the right to be indemnified or held harmless for Claims as specifically provided herein.

b. **Operator’s Hold Harmless, Indemnity and Release Agreement.** Operator shall release, defend, indemnify and hold the City and its Representatives harmless against all Claims that are threatened or awarded or incurred as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone including, but not limited to, any person, firm, partnership, or corporation arising out of any action, inaction or act of commission by the Operator or any of its Representatives in the Operator’s operations on or development of the Surface Lands to the extent the Claim is attributable to the action, inaction or act of commission of the Operator or its Representatives. This hold harmless provision running from the Operator to the City applies to all matters, including Environmental Claims (as defined below).

c. **Environmental Claims.** “Environmental Claims” shall mean all Claims asserted by the City, governmental bodies or other third parties for pollution or environmental damage of any kind, arising from Oil and Gas Operations on or ownership of Surface Lands or ownership of oil and gas interests or oil and gas leasehold interests by the Operator on the Surface Lands, whichever is applicable, and all cleanup and reclamation and/or remediation costs, fines and penalties associated therewith, including any Claims arising from any federal or state environmental laws. Environmental Claims shall not include the costs of any remediation undertaken voluntarily by any Party, unless such remediation is performed under the imminent threat of a Claim by a governmental body or other third party.

d. **Release.** Operator hereby releases, waives and discharges the City and its Representatives (the “City Group”) from any and all liability for personal injury, death, property or other damage, or otherwise arising out of Operator’s Oil and Gas Operations, actions, inactions or act of commission of the Operator or its Representatives under this Agreement, unless such injury, death or damage is the result of the City’s negligence or willful misconduct or that of a member of the City Group.

e. **Exclusion from Indemnities and Hold Harmless Provisions.** The indemnities or hold harmless agreements of the Parties in this section shall not cover or include any amounts which the indemnified Party is actually reimbursed for by any third party. The indemnities in this Agreement shall not relieve any Party from any obligations to third parties.

24. **Injunctive Relief.** No section of this Agreement shall restrict either Party’s right to seek injunctive relief or specific performance. Each Party shall be entitled to enforce specifically the terms and provisions of this Agreement in addition to any other remedy to which such holder may be entitled at Law, in equity, or otherwise.
25. **Further Assurances.** The Parties agree to execute and deliver such other documents as are reasonably necessary in order to effectuate the terms and intent of this Agreement.

26. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Colorado. The Parties waive the right to trial by jury with respect of any action, suit, or proceeding arising out of or relating to this Agreement or any contemplated transaction.

27. **Insurance.** Operator shall maintain insurance at all times during the Term of this Agreement in accordance with the terms and conditions set forth on Exhibit H to the Operator Agreement.

28. **Third-Party Beneficiaries.** Nothing herein, express or implied, is intended to or does confer upon any other person or entity any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

29. **Binding Effect.** This Agreement, all provisions, and the covenants and conditions herein contained shall be binding upon and inure to the benefit of the parties hereto and their respective transferees, successors, and assigns. Surface Owner agrees to contact any and all tenants of Surface Lands or other third parties utilizing the surface of the Surface Lands that may be affected by Operator’s activities on the Surface Lands. It will be Surface Owner’s sole responsibility to advise such third parties of the existence of this Agreement and Operator’s right to utilize the surface of the Surface Lands pursuant to this Agreement for the payment of any consideration, if any, due such third party from Surface Owner.

30. **Recording.** The Parties agree Operator may record this Agreement in the real estate records of City and County of Broomfield, Colorado.

31. **Entire Agreement.** This Agreement and all its attachments, together with the Conveyance Agreement, Operator Agreement, Pipeline Easement Agreement and Settlement Agreement (the “Other Agreements”) constitute the complete and exclusive statement of the entire understanding between and among the Parties regarding the matters addressed herein. This Agreement supersedes any prior agreements or understandings regarding the matters addressed herein, whether written or oral. In the event that there are conflicting terms between this Agreement and the Other Agreements, the terms of this Agreement shall control. This Agreement and the Other Agreements include all the agreements and stipulations between the Parties, and no representations, oral or written, have been made, modifying, adding to, or changing the terms hereof.

32. **Non-Waiver.** Waiver by either Party or of the failure of any Party to insist upon the strict performance of any provision of this Agreement shall not constitute a waiver of the right or prevent any such Party from requiring the strict performance of any provision in the future.
33. **Reasonable Accommodation.** Surface Owner acknowledges the use of the Surface Lands by Operator as herein described in full satisfaction of the requirement that Operator conduct its Oil and Gas Operations in a manner that accommodates Surface Owner. Surface Owner further acknowledges Operator's use of the Surface Lands as provided herein constitutes "reasonable accommodation" by Operator, its successors, and assigns as provided in Colorado Revised Statute 34-60-127.

34. **Relationship of the Parties.** This Agreement shall not be construed to create an association, partnership, joint venture, employment or other agency relationship between the Parties. No Party is now, nor will any Party be construed to be, an employee, contractor, partner, joint venturer, agent or representative of any other party for any purpose under this Agreement.

35. **Amendments.** No modification or amendment of this Agreement shall be valid or binding unless the same is in writing and duly executed by all Parties hereto.

36. **Severability.** If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule, law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any adverse manner to either Party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

37. **Force Majeure.** If any Party is rendered unable, wholly or in part, by Force Majeure (as defined in the Operator Agreement) to carry out its obligations under this Agreement, that party shall give to the other Party prompt written notice of the Force Majeure with reasonable full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the Force Majeure, shall be suspended during, but no longer than, the continuance of the Force Majeure.

The affected Party shall use all reasonable diligence to remedy the Force Majeure situation as quickly as possible and practicable. The requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handles shall be entirely within the discretion of the Party concerned.

38. **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all of such counterparts shall constitute for all purposes one agreement. Any signature hereto delivered by a party by facsimile transmission or other electronic transmission shall be deemed an original signature hereto.

39. **References; Rules of Construction.** All references in this Agreement to
Exhibits, Sections, subsections, and other subdivisions refer to the corresponding Exhibits, Sections, subsections, and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Sections, subsections, and other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words “this Agreement,” “herein,” “hereby,” “hereunder,” and “hereof,” and words of similar import, refer to this Agreement as a whole and not to any particular Article, Section, subsection, or other subdivision unless expressly so limited. The word “including” (in its various forms) means including, without limitation. Pronouns in masculine, feminine, or neutral genders shall be construed to state and include any other gender, and words, terms, and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa unless the context otherwise requires. Except as expressly provided otherwise in this Agreement, references to any law or agreement means such law or agreement as it may be amended from time to time.

40. **Authority of Signatories.** The signatories below declare, warrant and represent that they have the authority to enter into this Agreement on behalf of their respective principals, if any.

41. **Effective Date.** This Agreement shall become effective on the Effective Date upon the execution of this Agreement by all Parties hereto and upon the approval of this Agreement by Resolution of the City Council.

42. **Headings.** The section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this Agreement.

43. **Construction.** The Parties have participated jointly in the negotiating and drafting of this Agreement. In the event ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “including” shall mean including, without limitation.

*Signature page to follow*
IN WITNESS WHEREOF, Surface Owner and Operator have executed, agreed to and delivered this Surface Use Agreement as of the Effective Date.

SURFACE OWNER:

THE CITY AND COUNTY OF BROOMFIELD,
COLORADO,
A Colorado Municipal Corporation and County

Mayor

APPROVED AS TO FORM:

City & County Attorney Deputy
OPERATOR:

EXTRACTION OIL & GAS, INC.

[Signature]

Eric J. Christ, Vice President, General Counsel & Corporate Secretary

State of Colorado )
 ) ss.

County of Broomfield )

The foregoing instrument was acknowledged before me this 25th day of October, 2017 by Eric J. Christ, Vice President of Extraction Oil & Gas, Inc.

[Signature]

Notary Public

My Commission expires: October 7, 2021 (Seal)
EXHIBIT A

Map of Surface Lands
EXHIBIT C

Access Roads, Pipelines and Facilities
EXHIBIT D

Exchange Lands
EXHIBIT E

Conveyance Agreement
SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, made this ___ day of __________, 2017 by and between ___________________________________________________ ("Grantor"), whose legal address is ____________________________________________________, and the CITY AND COUNTY OF BROOMFIELD, COLORADO, a Colorado Municipal Corporation and County pursuant to the laws of the State of Colorado ("Grantee"), whose legal address is One DesCombes Drive, Broomfield, Colorado, 80020.

WITNESSETH, That the Grantor, for and in consideration of the sum of Ten and No/100 Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey, and confirm, with covenants of special warranty unto the Grantee, the Grantee’s successors and assigns, forever, the surface estate that Grantor owns, situated, lying and being in Broomfield County, State of Colorado (the “Real Property”), described in exhibit “A” attached hereto and incorporated herein by this reference.

EXCEPTING AND RESERVING, unto the Grantor, all of Grantor's right title and interest in and to all of the oil, gas, and other minerals in, under, and that may be produced from the Real Property.

TOGETHER with all and singular the hereditaments and appurtenances thereto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all estate, right, title, interest, claim and demand whatsoever of the Grantor, either in law or equity, or, in and to the above gifted Real Property, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said Real Property above gifted and described with the appurtenances, unto the Grantee, the Grantee’s heirs and assigns forever. And the Grantor, for itself, and its successors, does give, covenant, grant, convey and agree to and with the Grantee, the Grantee’s heirs and assigns, that at the time of the ensealing and delivery of these presents, it is well seized of the Real Property above conveyed, has good, sure, perfect, absolute and indefeasible estate of inheritance, in law, in fee simple, and has good right, full power and authority to give, grant, and convey the same in manner and form as aforesaid, and that the same are free and clear from all former and other grants, bargains, sales, liens, taxes, assessments, encumbrances and restrictions of whatever kind or nature whatsoever, except the “Permitted Conditions, Encumbrances and Restrictions” as set forth in Exhibit “B” attached hereto and incorporated herein by this reference.

The Grantor shall and will WARRANT AND FOREVER DEFEND the Real Property in the quiet and peaceable possession of Grantee, its successors and assigns, against all and every person or persons claiming the whole or any part thereof BY, THROUGH OR UNDER Grantor.

IN WITNESS WHEREOF, Grantors have executed this SPECIAL WARRANTY DEED on the date indicated below.

GRANTOR:
Date: ___________________________  ___________________________  

STATE OF COLORADO  )  
  )ss  
COUNTY OF __________)  

The foregoing instrument was acknowledged before me this ___ day of  
___________ 2017, by _______________________________________________.  

Witness my hand and official seal.  

(SEAL)  
________________________________________  
Notary Public  
My commission expires ___________________
EXHIBIT A
Legal Description
EXHIBIT B
Permitted Conditions, Encumbrances and Restrictions
SETTLEMENT AGREEMENT
GENERAL RELEASE AND WAIVER OF CLAIMS

This SETTLEMENT AGREEMENT, GENERAL RELEASE AND WAIVER OF CLAIMS (the "Settlement Agreement") is entered into this 24th day of October 2017, by and among the City and County of Broomfield ("City"), and Extraction Oil & Gas, Inc. ("Extraction" or "Operator"). The City and Operator are sometimes referred to herein individually as a "Party" and collectively as the "Parties."

WHEREAS, Operator and its predecessors-in-interest entered into agreements with the City to develop oil and gas within the City limits, including an Oil and Gas Operator Agreement dated August 27, 2013, and recorded at Reception No. 2013015088; a Supplement to the Oil and Gas Operator Agreement executed by the Parties on June 14, 2016, effective August 27, 2013, and recorded at Reception No. 2016007563; a Surface Use Agreement between the City and Noble Energy, Inc., approved by the City on November 13, 2012, and recorded at Reception No. 2012014944 and a Use by Special Review Permit that was approved by the City on July 12, 2011 and recorded at Reception No. 2011006781 (collectively known as the "Prior Agreements");

WHEREAS, Operator has filed applications with the Colorado Oil and Gas Conservation Commission (the "COGCC") for drilling and spacing units, specifically COGCC docket numbers 170100469, 170700471, 170700470, 170900596, 170900598, 170900601, 170900602, 170900603, 170900605 (as may be amended, revised or supplemented, collectively the "Spacing Units") covering certain lands set forth therein (the "Spacing Areas");

WHEREAS, the Parties have negotiated new agreements in relation to the Operator’s oil and gas development in the City (the "Project"), and are concurrently executing an Amended and Restated Oil and Gas Operator Agreement and a Surface Use Agreement;

WHEREAS, the City has agreed to (i) lease its unleased mineral interests owned by the City in the Spacing Units to Operator and (ii) assign the right to royalties for leased minerals owned by the City in the Spacing Units in exchange for Operator’s agreement that additional wells not contemplated in the Amended and Restated Operator Agreement will not be drilled at the Livingston Pad; and

WHEREAS, the Parties desire the entry of this Settlement Agreement in order to assert mutual waivers and releases of potential claims from alleged breaches of Prior Agreements.

NOW, THEREFORE, the Parties, having carefully reviewed this matter and this Settlement Agreement, and having had sufficient time and opportunity to consult with legal counsel, and desiring to be legally bound hereby, agree as follows:

1. Terms. A term used in this Settlement Agreement shall have the same meaning as the term is used in the Amended and Restated Oil and Gas Operator Agreement and
the Surface Use Agreement, ("New Agreements") approved by resolution by the City Council at the same time as the Settlement Agreement.

2. **Effective Date.** This Settlement Agreement shall be effective on the same date that the New Agreements are effective upon approval by resolution of the City Council ("Effective Date"). In the event that the City Council does not approve one or more of the New Agreements then this Settlement Agreement is null and void and shall have no force and effect and the original Oil and Gas Operator Agreement dated August 23, 2013, as Supplemented and the Surface Use Agreement dated November 13, 2012, will remain in place.

3. **The City Shall Not Object.** As long as the Operator is in compliance with the New Agreements and any future Easement Grant and for purposes related to the Project, the City agrees that it will: (i) not object to, request a hearing on, or oppose any permits, applications, variances, waivers, or other related documents submitted by Operator to any local, state or federal agencies, including but not limited to, COGCC spacing applications covering the Spacing Areas (subject to the last two sentences of this paragraph), COGCC pooling applications or applications for permits to drill such as COGCC Form 2 and Form 2A: (ii) not object in any forum to any aspect or phase of the Project, including the number of wells planned at or the location of each Well Site; and (iii) provide such other written approvals, variances, and/or waivers as reasonably requested by Operator and consistent with the New Agreements. The Parties acknowledge that the City is currently protesting Operator’s spacing and density applications related to the project, specifically COGCC docket numbers 170900596, 170900598, 170900601, 170900602, 170900603, 170900605, 171000749, and 171000752 (the “Protests”). The City agrees to withdraw the Protests so long as Operator’s applications and proposed orders are consistent with the number of wells and locations described in the New Agreements.

4. **The City and Operator Shall not Join or Intervene in Actions.** The City and Operator shall not voluntarily join or intervene, without consent of the other, in any civil action in any court or quasi-judicial agency or body brought forth against Operator or City, respectively, with respect to the Project.

5. **Operator’s Well Sites and Mineral Interests Owned Shall Not Be Made a Part of Special Taxing Districts.** To the extent not prohibited by law, the City and Operator agree that the City shall not take any affirmative action to approve, without Operator’s written consent, (i) the inclusion any of the Well Sites or any of the minerals within the Spacing Units in any new or materially modified special districts or limited purpose governmental entities organized pursuant to the Colorado Special District Act, Article 1 of Title 32 of the Colorado Revised Statutes, or any other similar Colorado statutes or laws.

6. **City Minerals.** In exchange for Operator’s agreement to limit the total number of future wells to be drilled within the City as set forth in the Amended and Restated Oil
and Gas Operator Agreement, the City agrees to (i) relinquish to the Operator its future interests in any royalties from wells drilled in the Spacing Units after the date hereof and (ii) execute one or more oil and gas leases to lease its unleased mineral interests within the Spacing Units to Operator, in the form attached as Annex A (the “Form Lease”). Additionally, Operator agrees to make offers to lease any unleased minerals within the Wildgrass subdivision using the Form Lease, but at a royalty rate of 17%. Additionally, Operator agrees to make offers to lease any unleased minerals within the Wildgrass subdivision using the Form Lease, but at a royalty rate of 17%. Operator will provide any unleased mineral holders within the Wildgrass subdivision with forced pooling notices and lease offers at least 60 days prior to any hearing on a forced pooling application.

7. **Land Conveyance.** As set forth in the Surface Use Agreement, Operator agreed to convey the surface of approximately thirty-nine (39) acres of property known as the Exchange Lands, subject to Operator’s reservation of one or more easements for subsurface pipelines or access to existing lease roads. Operator agrees to remove all structures, debris, and personal property (as directed by City) on the Exchange Lands prior to transfer of the Exchange Lands and to execute an Open Space Trail Easement Agreement in favor of the City, in the form attached as Annex B.

8. **Mutual General Release and Waiver of Claims.** Operator and the City, in consideration of the promises and covenants contained in this Settlement Agreement and the Prior Agreements, the sufficiency of which is acknowledged by the Parties, do hereby forever, fully and unconditionally release, remise, acquit and discharge each other, and their respective affiliates and/or related companies, and their directors, officers, employees, contractors, agents, representatives, parents, subsidiaries, predecessors, and successors from any and all suits, actions, causes of action, demands, judgments, rights, claims, loss, damage, interest, attorney fees, costs and expenses and/or other relief of whatsoever kind or nature which each respective Party has from the beginning of time to the present (collectively, the “Claims”) both presently known and unknown, arising out of or in connection with the terms of the Prior Agreements and any delays resulting from the City’s request that Operator delay its project. This Settlement Agreement does not extend to nor preclude the pursuit of claims, suits, and causes of action and/or demands regarding the new plan of development contemplated in the New Agreements.

9. **Fees, Costs, and Expenses.** It is understood and agreed by the Parties hereto that each Party shall bear their own attorney fees, costs and expenses arising from or associated with this Settlement Agreement and with any breach or alleged breach of the Prior Agreements.

10. **Choice of Law and Forum.** This Settlement Agreement and the terms and conditions contained herein shall be governed by the laws of the State of Colorado. Any lawsuit to enforce the terms of this Settlement Agreement shall be brought in the City.
11. Binding on Successors and Assigns. This Settlement Agreement shall be binding upon and inure to the benefit of the parties and their respective successor and assigns.

12. Execution. This Settlement Agreement may be executed in counterparts each of which shall be deemed an original, and together of which shall constitute one and the same instrument. The Parties have had the opportunity to revise, comment upon and redraft this Agreement. Accordingly, it is agreed that no rule of construction shall apply against any party or in favor of any party. This Settlement Agreement shall be construed as if the Parties jointly prepared the Settlement Agreement and any uncertainty or ambiguity shall not be interpreted against any party and in favor of another party. If any clause or condition of this Agreement is found by a court of competent jurisdiction to be void or unenforceable, such finding shall not affect the validity and enforceability of the remainder of this Settlement Agreement.

13. Modification. This Agreement will not be amended, modified, revoked, supplemented, waived or otherwise changed except by a written instrument duly executed by the Parties and designated as such a change.

14. Headings. The headings of this Settlement Agreement are for reference and convenience only and shall not limit or otherwise affect the meaning or construction of the terms of this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Settlement Agreement to be executed by a duly authorized representative on the day and year first written above.
THE CITY:

THE CITY AND COUNTY OF BROOMFIELD, COLORADO
A Colorado Municipal Corporation and County

[Signature]
Mayor

[Signature]
City & County Clerk

APPROVED AS TO FORM:

[Signature]
City & County Attorney
THE OPERATOR:

EXTRACTION OIL & GAS, INC.

[Signature]

Eric J. Christ, Vice President, General Counsel & Corporate Secretary

STATE OF COLORADO  )
                     ) ss
COUNTY OF Broomfield  )

The foregoing instrument was acknowledged, subscribed and sworn to before me this 25th day of October, 2017, by Eric J. Christ.

[SEAL]

LINDA J. VILLAREAL
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20134063200
My Commission Expires Oct. 7, 2021

My Commission Expires: October 7, 2021

Notary Public
ANNEX A

Oil and Gas Lease
OIL AND GAS LEASE

THIS AGREEMENT is made and entered into on the _____ day of ___________ 2017, by (Unleased Mineral Owner) whose address is (Unleased Mineral Owner Address), hereinafter called Lessor, (whether one or more), and Extraction Oil & Gas, Inc. whose address is 270 17th Street, Suite 5300, Denver, CO 80202, hereinafter called Lessee;

WITNESSETH, That the Lessor, for and in consideration of TEN AND MORE DOLLARS cash in hand paid, the receipt of which is hereby acknowledged, and the covenants and agreements hereinafter contained, has granted, demised, leased and let, and by these presents does grant, demise, lease and let exclusively unto the said Lessee, the land hereinafter described, with the exclusive right for the purpose of drilling, mining, exploring by geophysical and other methods, and operating for and producing therefrom oil and all gas of whatsoever nature or kind, specifically including helium, carbon dioxide, and coalbed methane and any and all substances produced in association therewith from coal-bearing formations, dewatering of coalbed methane, limited to all of the Codell and Niobrara formations, using methods and techniques which are not restricted to current technology, including the right to conduct exclusive geophysical and other exploratory tests; with the exclusive right to inject air, gas, water, brine and other fluids from any source into the subsurface strata, and any and all other rights and privileges necessary, incident to, or convenient for the economical operation of said land, alone or conjointly with contiguous land, and the injection of air, gas, water, brine, and other fluids into the subsurface strata, to produce, save and take care of said products, all upon that certain tract of land situated in the County of ________, State of Colorado, described as follows, to-wit:

Township Y, Range Z West of the 6th P.M.
Section: X

Containing (Net Acres) acres, more or less (the “Premises”).

In addition to the lands described above, Lessor hereby grants, leases and lets exclusively unto Lessee, to the same extent as if specifically described, lands which are owned or claimed by Lessor by one of the following reasons: (1) all lands and rights acquired or retained by avulsion, accretion, reliction or otherwise as the result of a change in the boundaries or centerline of any river or stream traversing or adjoining the lands described above; (2) all riparian lands and rights which are or may be incident, appurtenant, related or attributed to Lessor in any lake, stream or river traversing or adjoining the lands described above by virtue of Lessor’s ownership of the lands described above; (3) all lands included in any road, easement or right-of-way traversing or adjoining the lands described above which are or may be incident, appurtenant, related or attributed to Lessor by virtue of Lessor’s ownership of the lands described above; and (4) all strips or tracts of land adjacent or contiguous to the lands described above owned or acquired by Lessor through adverse possession or other similar statutes of the state in which the lands are located.

1. It is agreed that this Lease shall remain in force for a primary term of three (3) years from this date and as long thereafter as oil or gas of whatsoever nature or kind is produced from the Premises or on acreage pooled, communitized or unitized therewith, or drilling operations are continued as hereinafter provided. If, at the expiration of the primary term of this Lease, oil or gas is not being produced on the Premises or on acreage pooled, communitized or unitized therewith but Lessee is then engaged in drilling, re-working, or dewatering operations therein, then this Lease shall continue in force so long as such operations are being continuously prosecuted on the Premises or on acreage pooled, communitized or unitized therewith; and such operations shall be considered to be continuously prosecuted if not more than one hundred twenty (120) consecutive days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on said land or on acreage pooled, communitized or unitized therewith, the production thereof should cease from any cause after the primary term, this Lease shall not terminate if Lessee commences additional drilling, or re-working operations within one hundred twenty (120) days from the date of cessation of production, or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations at or after the expiration of the primary term of this Lease, this Lease shall continue in force so long as oil or gas is produced from the Premises or on acreage pooled, communitized or unitized therewith. At any time during the Primary Term of this Lease, Lessee, at its option may make tender to Lessor payment in the amount of $500.00, thereby extending the Primary Term of this Lease by an additional two (2) years.

2. This is a PAID-UP LEASE. In consideration of the cash down payment, Lessor agrees that Lessee shall not be obligated, except as otherwise provided herein, to commence or continue any operations during the primary term. Lessee may at any time or times during or after the primary term surrender this Lease as to all or any portion of said land and as to any strata or stratum by delivering to Lessee or by filing for record a release or releases, and be relieved of all obligations thereafter accruing as to the acreage surrendered.

3. In consideration of the Premises, Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipeline to which Lessee may connect wells on the Premises, the equal ___ % part of all oil produced and saved from the Premises.
To pay Lessor as royalty, on gas and the constituents thereof produced from the Premises and sold or used off the Premises or in the manufacture of products therefrom, the market value at the wellhead of _% of the product sold or used. All royalties paid on gas sold by Lessee or used off the Premises or used in the manufacture of products therefrom will be paid after deducting from such royalty Lessor's proportionate amount of all post-production costs, including but not limited to excise, production, and severance taxes, gathering and transportation costs from the wellhead to the point of sale, treating, compression, and processing costs. On product sold at the well, the royalty shall be _% of the net proceeds realized from such sale, after deducting from such royalty Lessor's proportionate amount of all of the above post-production costs and expenses, if any.

In calculating royalties on production hereunder, Lessee may deduct Lessor's proportionate part of any ad valorem, production and excise taxes, as well as other post-production costs, as described above.

If after the primary term one or more wells on the Premises or lands pooled, communitized, or unitized therewith, are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining this Lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, including dewatering of coaled gas, the Lessee shall pay an aggregate shut-in royalty of one dollar per acre then covered by this Lease, such payment to be made to Lessor on or before the anniversary date of this Lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary of date of this Lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this Lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the Leased Premises or lands pooled, communitized or unitized therewith, no shut-in royalty shall be due until end of the next following anniversary date of this Lease that cessation of such operation or production occurs. If lessee shall continue to properly pay shut-in royalty then Lessee shall pay the amount due, but shall not operate to terminate this Lease.

If said Lessor owns a less interest in the Leased Premises than the entire and undivided fee simple estate therein, then the lands covered by this lease and the royalties (including any shut-in royalty) herein provided for shall be paid the Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on the Leased Premises for Lessee's operation thereon.

The rights of Lessor and Lessee hereunder may be assigned in whole or part, by area or depth or zone and the rights and obligations of the parties hereunder shall extend to their respective heirs, devisees, executors, administrators, successors and assigns. No change in ownership of Lessor's interest (by assignment or otherwise) shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder, and no change in ownership shall be binding on Lessee until sixty (60) days after Lessee has been furnished with notice from Lessor and then only with respect to payments thereafter made. No other kind of notice, whether actual or constructive, shall be binding on Lessee. No present or future division of Lessor's ownership as to different portions or parcels of the Premises shall operate to enlarge the obligations or diminish the rights of Lessee, and all Lessee's operations may be conducted without regard to any such division. In the event of death of any person entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to the credit of the decedent or the decedent's estate. If at any time two or more persons are entitled to shut-in royalties hereunder, Lessee may pay or tender such shut-in royalties to such persons either jointly, or separately in proportion to the interest which each owns. If Lessee transfers a full or undivided interest in all or any portion of the Premises, the obligation to pay or tender shut-in royalties hereunder shall be divided between Lessee and transferee in proportion to the net acreage interest in this Lease then held by each. If Lessee transfers or assigns its interest hereunder in whole or in part, Lessee shall be relieved of all obligations thereafter arising with respect to the transferred interest, and failure of the transferee to satisfy such obligations with respect to the transferred interest shall not affect the rights of the Lessee with respect to any interest not so transferred. If all or any part of this Lease is assigned, no leasehold owner shall be liable for any act or omission of any other leasehold owner.
proportion of the unit, pooled area or communized area production that the total number of surface acres covered by this Lease and included in the unit, pooled area, or communized area bears to the total number of surface acres in such unit, pooled area, or communized area. In addition to the foregoing, Lessee shall have the right to unitize, communize, pool, or combine all or any part of the Leased Premises as to one or more of the formations hereunder with other lands in the same general area by entering into a cooperative or unit plan of development or operation approved by any governmental authority and, from time to time, with like approval, to modify, change or terminate any such plan or agreement and, in such events, the terms, conditions and provisions of this Lease shall be deemed modified to conform to the terms, conditions, and provisions of such approved cooperative or unit plan of development or operation and particularly, all drilling and development requirements of this Lease, express or implied, shall be satisfied by compliance with the drilling and development requirements of such plan or agreement, and this Lease shall not terminate or expire during the life of such plan or agreement. Lessor shall formally express Lessor’s consent to any cooperative or unit plan of development or operation adopted by Lessee and approved by any governmental agency by executing the same upon request of Lessee.

9. For the same consideration recited above, Lessor hereby grants, assigns and conveys unto Lessee, its successors and assigns, a perpetual subsurface well bore easement under and through the leased premises for the placement of well bores (along routes selected by Lessee) from oil or gas wells the surface locations of which are situated on other tracts of land and which are not intended to develop the leased premises or lands pooled therewith and from which Lessor shall have no right to royalty or other benefit. Such subsurface well bore easements shall run with the land and survive any termination of this Lease.

10. Lessee’s obligations under this Lease shall be governed by and subject to all applicable laws, rules, regulations and orders of any government authority having jurisdiction, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. This Lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

11. When drilling, reworking, production or other operations or obligations under this Lease are prevented or delayed by laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, fracking bans, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production in Lessee’s opinion, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of the Lessee, this Lease shall not terminate because of such prevention or delay and at Lessee’s option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this Lease when drilling, production, or other operations are so prevented or delayed.

12. No litigation shall be initiated by Lessor for damages, forfeiture or cancellation with respect to any breach or default by Lessee hereunder, for a period of at least 90 days after Lessor has given Lessee written notice fully describing the breach or default, and then only if Lessee fails to remedy the breach or default within such time period. In the event the matter is litigated and there is final judicial determination that a breach or default has occurred, this Lease shall not be forfeited or cancelled in whole or in part unless Lessee is given reasonable time after said judicial determination to remedy the breach or default and Lessee fails to do so.

13. In the event that this Lessor, during the primary term of this Lease, receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this Lease and covering all or a portion of the land described herein, with the lease becoming effective upon expiration of this Lease, Lessor hereby agrees to notify Lessee in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered, and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer.

14. Should any one or more of the parties hereinafter named as Lessor fail to execute this Lease, it shall nevertheless be binding upon all such parties who do execute it as Lessor. The word “Lessor,” as used in this Lease shall mean any one or more or all of the parties who execute this Lease as Lessor. All the provisions of this Lease shall be binding on the heirs, successors and assigns of Lessor and Lessee.

15. Lessor hereby agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, insofar as said right of dower and homestead may in any way affect the purposes for which this Lease is made, as recited herein. If Lessee redeems any such lien, Lessee may recover any amounts expended out of Lessor royalties or shut-in royalties.

IN WITNESS WHEREOF, this instrument is executed as of the date first above written.
INDIVIDUAL ACKNOWLEDGMENT

STATE OF __________________________
COUNTY OF __________________________

) ) SS:

The foregoing instrument was acknowledged before me this ____ day of ________________, 2017, by ______________________, to me known to be the identical person(s) described herein, and who executed the within and foregoing instrument of writing and acknowledgment to me that he/she duly executed the same as his/her free and voluntary act and deed for the uses and purpose therein set forth.

WITNESS my hand and official seal.

My Commission Expires: __________________________

Signature/Notary Public: __________________________
Name/Notary Public (print): __________________________

STATE OF __________________________
COUNTY OF __________________________

) ) SS:

The foregoing instrument was acknowledged before me this ____ day of ________________, 2017, by ______________________, to me known to be the identical person(s) described herein, and who executed the within and foregoing instrument of writing and acknowledgment to me that he/she duly executed the same as his/her free and voluntary act and deed for the uses and purpose therein set forth.

WITNESS my hand and official seal.

My Commission Expires: __________________________

Signature/Notary Public: __________________________
Name/Notary Public (print): __________________________

Notary Public in and for the State of __________________________
ANNEX B

Open Space Trail Easement Agreement
OPEN SPACE TRAIL EASEMENT AGREEMENT

THIS OPEN SPACE TRAIL EASEMENT AGREEMENT (the “Agreement”) is entered into as of ______________, 2017, by and between ______________, (hereafter referred to as “Owner”) and the CITY AND COUNTY OF BROOKFIELD, a Colorado municipal corporation and county (hereafter referred to as the “City”) acting through their authorized representatives, and provided that Owner and City may be individually referred to herein as a "Party" and together may be referred to as the "Parties."

RECITALS

A. Owner is the owner in fee simple of certain real property located in Broomfield, Colorado, as more particularly described as the Owner's Property on Exhibit A, attached to and made a part of this Agreement (hereinafter referred to as the "Property"); and

B. Owner has agreed to grant the City a perpetual, non-exclusive public easement for a community-use trail (the “Trail Easement”) for the exclusive purpose of providing a public open space trail system. The route and course of the Trail Easement conveyed hereby are more particularly described on Exhibit B, attached to and made a part of this Agreement. The Parties understand and agree that the location of the Trail Easement depicted on Exhibit B may be adjusted as necessary by mutual written agreement of the Parties. Upon completion of the construction of the Trail, the City shall provide the Owner with a metes and bounds description prepared by a registered Land Surveyor depicting the Trail Easement. The width of the trails used upon the Trail Easement is __ feet wide, with an additional __ feet on both sides of those trails for a total width of __ feet, which shall thereafter constitute the final width and location of Trail Easement.

AGREEMENT

NOW, THEREFORE, in consideration of Ten Dollars ($10.00), the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Owner and the City agree as follows:

1. **Incorporation of Recital.** The Recitals set forth above are hereby incorporated into and made part of this Agreement.

2. **Grant of Easement for Trail.** Subject to the terms and conditions of this Agreement, Owner hereby grants to the City the Trail Easement for the exclusive purpose of providing an public open space trail system that shall include an __ feet wide width for the trails used upon the Trail Easement, with an additional __ feet on both sides of those trails for the exclusive purpose of operating and maintaining the trails used upon the Trail Easement, for a total width of __ feet. The route and course of the Trail Easement conveyed hereby are more particularly described on Exhibit B, attached hereto and made a part of this Agreement. Owner hereby agrees that the City's use of the Trail Easement may include grading, landscaping
consisting of re-seeding, work as determined appropriate by the City addressing issues associated with prairie dogs consistent with the City's adopted Prairie Dog Policy that may include relocation of the animals, and such other activities consistent with the City's use and maintenance of the Trail Easement as a public trail. Owner hereby agrees that the City may cross Owner's Property as depicted on Exhibit A and adjacent to the Trail Easement as necessary to provide for the City's use and maintenance of the Trail Easement as described herein, as long as such crossing does not interfere with the Owner's use and enjoyment of Owner's Property. Any use by the City of the Trail Easement shall be in compliance with all applicable governmental laws, codes, regulations, ordinances, and requirements. This Trail Easement shall continue so long as the Trail Easement is actively used for the limited purpose of use by any member of the public and incorporation into the City's public trail system.

3. **Consideration.** In consideration of this grant, Owner and the City agree the Trail Easement shall be subject to all of the terms and conditions set forth herein.

4. **Maintenance and Repair.** The City will have the sole responsibility of all Maintenance and Repair on the Trail Easement in accordance with the City's standard trail maintenance and repair procedures and in compliance with all applicable governmental codes, regulations, ordinances, and requirements.

5. **Liability.** To the extent permitted by law, each Party agrees to hold harmless the other Party, its officers, officials, employees, representatives, contractors, subcontractors, agents, affiliates, successors, assignees, and subsidiaries from and against any and all liability claims, demands and expenses, including court costs and attorneys’ fees, resulting from any injury, loss, or damage arising out of or in any manner connected with the work, construction, or maintenance activities contemplated in this Agreement to be performed upon the Trail Easement caused in whole or in part by, or is claimed to be caused in whole or in part by the acts, errors, or omissions of the Party’s officers, officials, employees, representatives, contractors, subcontractors, agents, affiliates, successors, assignees, and subsidiaries. To the extent permitted by law, City shall further indemnify and hold harmless Owner, its officers, employees, representatives, agents, affiliates, and subsidiaries from and against any and all liability claims, demands and expenses, including court costs and attorneys’ fees, arising from any injury, loss, or damage arising out of any and all third-parties’ use, occupancy, and activities upon the Trail Easement.

6. **Insurance.** The City shall be required to obtain and keep in full force and effect at all times during the term of this Agreement, and to pay the costs and premiums of, broad form general commercial liability insurance with respect to the use and operation of the Trail Easement, with the same limits as it would insure any public trail within the City's trail system.

7. **Interferences; Owner’s Retained Rights.** The City will exercise all of the City’s rights and obligations under this Agreement in such a manner as to avoid any disruption to the Owner’s Property, as shown on Exhibit A, and to cause the least amount of unreasonable interference to the Owner. The Trail Easement is non-exclusive to the City, and Owner retains the right to the undisturbed use and occupancy of the Property (including the Trail Easement
8. **Severability.** The enforceability, invalidity or illegality of any provision of this Agreement shall not render the other provisions of this Agreement unenforceable, invalid or illegal, but rather the unenforceable, invalid or illegal provisions of this Agreement shall be deemed severed from this Agreement and this Agreement shall continue in full force and effect to the greatest extent permitted by applicable laws.

9. **Special Warranty.** Owner will warrant and forever defend the Trail Easement lands granted in this Agreement in the quiet and peaceable possession of City, its successors and assigns, against all and every person or persons claiming the whole or any part thereof by, through or under Owner.

10. **Notice.** All notices are required or permitted under this Agreement shall be given by overnight courier service, by registered or certified mail, postage prepaid, by facsimile, or by hand delivery, directed as follows:

If intended for the City:

City and County of Broomfield  
Attn: City and County Manager  
One DesCombes Drive  
Broomfield, Co 80020  
Phone: 303-438-6384  
Fax: 303-438-6296

If intended for Owner:

Extraction Oil & Gas, Inc.  
370 17th Street, Suite 5300  
Denver, CO 80202  
Attention: Land Department

11. **Default.** A Party shall be in default hereunder in the event that it fails to do, observe, keep and perform any of the terms, covenants, conditions, agreements or provisions hereunder within sixty (60) days after written notice by the other Party of said failure.

12. **Binding Effect.** This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

13. **Assignment.** The rights granted herein may be assigned in whole or in part, and the terms, conditions, and provisions of this Agreement are a covenant running with the land and shall extend to and be binding upon the successors, and assigns of Owner and City.
14. **Recordation.** This Agreement will be recorded in the Office of the Clerk and Recorder of Broomfield County, Colorado.

15. **No Oral Amendments or Modifications.** No amendments, waivers or modifications hereof shall be made or deeded to have been made unless in writing and executed by the party to be bound thereby.

16. **Other.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same agreement. This Agreement shall not be binding upon any Party hereto unless and until the Parties have executed this Agreement. Time is of the essence. This Agreement represents the entire agreement between the parties and no additional or different oral representation, promise, or agreement shall be binding on any of the parties hereto with respect to the subject matter of this instrument, unless stated in writing signed by Owner and the City. Failure of any party hereto to insist upon the strict performance of any provision of this Agreement shall not be construed as a waiver for the future of any such provision. This Agreement is intended to describe the rights and responsibilities only as to the Parties hereto. This Agreement is not intended and shall not be deemed to confer any rights on any person or entity not named as a party hereto.

17. **Governmental Immunity Act.** Notwithstanding anything to the contrary herein, the City shall not be deemed to have waived in any manner the rights, obligations, and protections afforded to, or imposed on the City by law including without limitation, the Colorado Governmental Immunity Act or the Colorado Constitution.

IN WITNESS WHEREOF, Owner and the City have executed this Agreement as of the date first written above.

**CITY:**

CITY AND COUNTY OF BROOMFIELD, a Colorado Municipal Corporation & County

________________________
City & County Manager

ATTEST:

________________________
City & County Clerk

APPROVED AS TO FORM:

________________________
City & County Attorney
OWNER:

By: Matthew R. Owens
Title: President

STATE OF COLORADO )
) ss
COUNTY OF ____________ )

The foregoing instrument was acknowledged, subscribed and sworn to before me this ___ day of ________________, 2017, by ________________.

[SEAL]

______________________________
Notary Public

My Commission Expires: ________________