



Upstream

Petroleum Management, Inc.

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Englewood, CO 80112
phone 303.942.0506
www.upstreampm.com

Sec 2-3 Phoenix, LLC
9200 E. Mineral Ave., Suite 365
Centennial, CO 80112

March 14, 2016

RE: Rule 318.A.a. and 318A.c. Exception Location Request
PetroShare Corporation
Shook Wellpad

Shook 3-10-1CDH	Shook 3-10-1NAH	Shook 3-10-2NCH	Shook 3-10-4NBH
Shook 3-10-1NCH	Shook 3-10-2NBH	Shook 3-10-3NBH	Shook 3-10-6CDH
Shook 3-10-1NBH	Shook 3-10-3CDH	Shook 3-10-5CDH	
Shook 3-10-2CDH	Shook 3-10-4CDH	Shook 3-10-2NAH	

Sec. 3 T1S R67W (NE/4 SE/4)
Adams County, Colorado
Surface: Fee
Mineral Lease: Fee

Dear Mr. Osborne:

PetroShare Corporation (PetroShare) intends to apply to the Colorado Oil and Gas Conservation Commission (COGCC) to drill the above referenced wells at the described surface locations. COGCC Rule 318.A.a. stipulates that a Greater Wattenberg Area (GWA) well surface location must be within a 400' by 400' drilling window located at the center of each quarter-quarter section, or inside a 800' by 800' drilling window located at the center of each quarter section. The above referenced wells fall outside of these drilling windows. As you are aware, the surface locations were chosen in concurrence with your wishes, as the surface owner, in order to maximize future land use possibilities as well as utilize a natural tree barrier as noise and visual mitigation. □

Additionally, COGCC Rule 318A.c. stipulates that a GWA well surface location shall not be less than 50' from an existing well. As planned, these surface locations are greater than 50' from an existing well.

Per COGCC Rules, PetroShare is required to obtain surface owner approval of these locations as they do not conform to COGCC GWA Rules. Should you find these exceptions acceptable, please sign the space provided below.

By approving this matter, we anticipate COGCC granting PetroShare a location exception waiver to Rule 318A.a. and Rule 318A.c. allowing the location to be outside the COGCC GWA spacing rules.

Your Assets / Our Expertise

- | | | |
|--------------|--------------------------------|------------------------|
| • Regulatory | • Storm-water Management Plans | • Project Coordination |
| • Permitting | • Government Relations | • EA/EIS Assistance |

Gene Osborne
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Please contact me at 303-942-0506 or at agross@upstreampm.com if you have any questions.

Sincerely,



Andrea Gross
Permit Agent for PetroShare Petroleum Corporation

By signing below, you acknowledge the agreed upon surface location of the well locations as staked and grant the waiver to COGCC Rule 318A.a and 318A.c granting that these wells may be drilled as planned.

Sign: _____

Gene Osborne, member of Sec 2-3 Phoenix, LLC

Date: 3/15/16