

Smith Oil Properties, Inc.
P.O. Box 219
Byers, Colorado 80103

November 1, 2016

Blue Sky Farm, LLC
P.O. Box 368
Windsor, CO 80550

Re: Kirby 1 Wellsite Reclamation
COGCC Facility ID 244593

Dear Zada:

With regard to the recent restorative work of the surface in and around the location of the former Kirby 1 well it is our understanding that you approve and accept the current condition of the surface of this area, from which rocks have been removed and accordingly we have prepared the following to document that fact and our further agreement.

Such restorative work was required of Smith Oil after a final reclamation field inspection was conducted June 20, 2016 by staff of the Colorado Oil and Gas Conservation Commission (COGCC). A report of such inspection determined Rule 1004 of the COGCC regulations required further reclamation by: 1) obtaining plant cover of 80% of reference area levels and 2) removal of gravel negatively affecting plant growth.

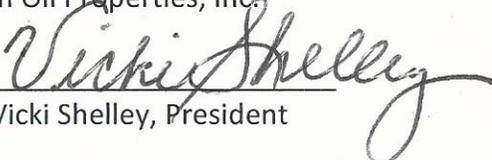
As shown in the attached photographs, the area of concern includes separately fenced areas used primarily either as a roadway or pasture. As indicated, rock (nominally gravel) has been removed from areas of both the pasture and road such that the present condition of the surface is acceptable for your intended uses.

Although you do not intend to plant any vegetation in the area of the road, it is our understanding you do intend and agree to plant seed and irrigate the pasture area in the spring and to undertake such operation at your expense except for the cost of seed which Smith Oil agrees to provide.

Accordingly, by signing below you permanently release Smith Oil Properties, Inc. from any further liability for restoration of the surface of any area affected by oil and gas operations related to the Kirby 1 well as conducted many years ago.

Smith Oil Properties, Inc.

By:


Vicki Shelley, President

Blue Sky Farm
November 1, 2016
Re: Kirby 1 Wellsite Reclamation

AGREED AND ACCEPTED this 3rd day of November, 2016

Blue Sky Farm, LLC

By: Zada Steidl
Zada Steidl, Manager

Attachments: Photographs

Cc: Chris Binschus,
Colorado Oil and Gas Commission
1120 Lincoln St., Suite 801
Denver, CO 80205

Re:

Page 1 of 1

From: ZADA STEIDL <RBLUESKY8@msn.com>

To: smithoilprop <smithoilprop@aol.com>

Subject: Re:

Date: Sun, Oct 30, 2016 10:30 am

Hi Vicki,

Paul is off today, but if you just pile up the rocks, we'll scoop them up with the loader. I can estimate the seed, but will not purchase it until March. We seed in April. There wasn't enough moisture to seed this fall as that has to be done in September. Call me if you come up, I will be down there this morning moving some of the calves. Thanks for all your work, Zada

Pasture Seed

Page 1 of 1

From: ZADA STEIDL <RBLUESKY8@msn.com>

To: smithoilprop <smithoilprop@aol.com>

Subject: Pasture Seed

Date: Mon, Oct 31, 2016 12:30 am

Attachments: Pawnee Buttes Seed Co.pdf (1285K)

Thank you, Vicki, for you and your family's hard work. Attached is the information from Pawnee Buttes Seed Co and on the second page I have circled the seed we have used on all the pastures. They sell it in 50# bags at \$3.85/lb. (\$192.50 per bag). One bag should do 2 1/2 acres and I believe that should cover it. I can send you a copy of the invoice when I actually purchase the seed, but it will be next March. Let me know if you need anything else or I can help in any way. I really appreciate all you have done. Thanks so much, Zada

Page 1 of 1

Re:

From: ZADA STEIDL <RBLUESKY8@msn.com>

To: smithoilprop <smithoilprop@aol.com>

Subject: Re:

Date: Wed, Nov 2, 2016 9:27 am

Hi Vicki,

Yes, you did so much work and it really does make it much better for us plus looks better, too. Paul put the rocks over where they will do some good where the cows water on the east end of the pond.

Our sales tax rate is 2.9% and the check made to "Blue Sky Farm, LLC" would be the correct way. Please don't worry about application cost as we will use our seeder and do it when we overseed next spring. Thank you again. Zada



SMITH OIL PROPERTIES, INC.
 P.O. BOX 219
 BYERS, CO 80103
 (303) 825-7405

GUARANTY BANK & TRUST CO.
 23-96/1020

46221



PAY ***198*Dollars*And*08*Cents***

DATE

AMOUNT

11/03/2016

\$*****198.08

TO THE
 ORDER
 OF

BLUE SKY FARM, LLC

P O BOX 368
 WINDSOR CO 80550

L. Smith
 AUTHORIZED SIGNATURE

⑈046221⑈ ⑆10200966⑆ 4000434018⑈

SMITH OIL PROPERTIES, INC.

46221

BLUE SKY FARM, LLC

DATE: 11/03/2016 TOTAL: \$198.08

EXPENSE ACCT.	DESC.	UNIT NUM.	AMOUNT PAID
21005-02	KIRBY #1 SITE-RESTORATION		198.08
21005-02	PASTURE SEED-SPRING PLANTING		0.00









