

SURFACE OWNER WAIVER AND CONSENT AGREEMENT

THIS SURFACE OWNER WAIVER AND CONSENT AGREEMENT (“Agreement”), dated this 5th day of May, 2017 (“Effective Date”), is made by and between **152nd & York LLC and York 80 LLC** (together, “Landowner”), and **K.P. Kauffman Company, Inc.** (“KPK”). Landowner and KPK may collectively hereinafter be referred to as the “Parties”.

WHEREAS, Landowner represents that he owns the surface estate in fee and is in possession of an interest in part or all of the surface estate for the following described lands in Adams County, Colorado, said lands herein called “Lands”, as further described on Exhibit A attached and made a part hereto, to wit;

Township 1 South, Range 68 West, 6th P.M.
Section 12: SW¼

WHEREAS, KPK owns certain leasehold interests and operates the following two oil and gas wells on the Lands as described below and as further described on Exhibit A (hereinafter, the “Wells”):

North York 14-12 (API No. 05-001-09494)
North York 13-12 (API No. 05-001-09518)

WHEREAS, pursuant to a private agreement between the Parties, KPK has agreed to plug and abandon the Wells in accordance with the rules and regulations of the Colorado Oil and Gas Conservation Commission (“COGCC” or “Commission”).

WHEREAS, Landowner recognizes that KPK, as the operator of the Wells, has certain rights and obligations pursuant to the current COGCC Rules to reclaim the Wells following plugging and abandonment, and also acknowledges the COGCC’s Operator Guidance for Rule 1001.c. Reclamation Variance and Waivers.

WHEREAS, Landowner hereby represents that it does not want any final reclamation on the Lands and Landowner and KPK desire to forego all final reclamation requirements applicable to the Lands so that Landowner may utilize the Lands to his benefit, and to set forth their agreements with respect to such reclamation operations or uses of the Lands.

NOW, THEREFORE, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Landowner and KPK agree as follows:

1. Landowner Waiver of Commission Rule 1004. Landowner understands and acknowledges that the Commission has rules and regulations that pertain to the proper reclamation of land and soil affected by oil and gas operations. Pursuant to Commission Rule 1001.c, Landowner hereby waives any and all rights available to them under the 1000-Series of Commission Rules and hereby acknowledges and confirms that KPK does not have to comply with Commission Rule 1004 (except Rules 1004.c.(4) requiring a Sundry Notice Form 4 and

1004.c.(5) requiring a final reclamation inspection, for which compliance will continue to be required), as set forth in Commission Rule 1001.c.

Landowner shall not oppose KPK in any Commission or other governmental proceedings related to KPK's operations pursuant to this Agreement. Landowner will provide KPK or its successors and assigns with any and all written or oral support they may reasonably require to obtain permits from the Commission, local jurisdiction, or other governmental agency.

2. KPK Obligations. Pursuant to this Agreement, and in-lieu of certain final reclamation requirements, KPK and Landowner agree that KPK shall be responsible for the following obligations on the Lands:

- a) KPK shall remove all oil and gas equipment associated with the Wells following the plugging and abandonment of the Wells by KPK;
- b) KPK shall cut the casing for the Wells at 15' below the surface of the Lands; provided, however, that KPK shall dig to a total depth of 10' below the surface of the Lands for each Well, and Landowner shall complete the required digging to a total depth of not less than 19' below the surface of the Lands for each Well to allow KPK to cut and cap the casing for each Well at a total depth of 15' below the surface of the Lands for each Well.

3. Protection and Management of Topsoil. Topsoil protection and management on the Lands will be handled in the course of the surface development of the Lands by Landowner and in compliance with all applicable County requirements.

4. Recognition of Commission Operator Guidance for Rule 1001.c. Reclamation Variances and Waivers. Landowner and KPK have conducted the appropriate consultation required by Rule 306.f and have also discussed and agreed upon the following items set forth in the Commission Operator Guidance for Rule 1001.c. Reclamation Variances and Waivers, Section I, Subpart 1, 2, 3 and 5:

a. A clear description of the specific portions of an oil and gas location for which the Landowner is waiving KPK's obligation to perform final reclamation.

That portion of the Lands as described below and on Exhibit A attached hereto:

Township 1 South, Range 68 West, 6th P.M.
Section 12: SW¼

b. A brief explanation of the Landowner's reasons for waiving KPK's obligation to perform final reclamation for the specified portions of the oil and gas location.

Landowner waives KPK's obligation to perform final reclamation on the Lands to reduce overall completion time of the plugging and abandonment, and to allow the Landowner to utilize the surface estate of the Lands for its benefit.

c. The Landowner's acknowledgement that the current condition of the portions of the oil and gas location subject to the waiver is satisfactory to the Landowner or will be satisfactory once KPK performs the agreed upon plan.

Landowner acknowledges and has requested that the current condition of the Lands subject to this Agreement is satisfactory to Landowner as of the Effective Date of this Agreement, provided that KPK removes all oil and gas equipment from the Lands following plugging and abandonment of the Wells.

d. The Landowner's acknowledgement that once the variance is approved and all agreed upon actions have been conducted, the Landowner knowingly, and forever, waives all reclamation protections otherwise afforded by the specified provisions of Rule 1004.

Landowner hereby acknowledges that once the variance is approved by the Commission and KPK has removed all oil and gas equipment from the Lands, Landowner knowingly and forever waives all reclamation protections otherwise afforded by the specified provisions of Rule 1004.

e. A brief description of the operator's plans for compliance with the specified provisions of Rule 1004 on areas of the oil and gas locations or access roads that are not subject to the variance.

Landowner and KPK hereby acknowledge that there are no oil and gas locations or access roads that are not subject to the variance, and this Agreement shall apply to the Wells and associated facility(ies) and access road(s) on the Lands, if applicable.

5. Indemnity/Release. Landowner hereby releases and agrees to hold harmless KPK from any and all liability and further payment for damages on the Lands which arise from, out of, or in connection with KPK's operations on Lands as they relate to Landowner's waiver of Rule 1004, but only as to those operations which are described in and permitted by this Agreement.

6. Notice for Additional Operations. In addition to the applicable provisions and requirements set forth in this agreement, KPK will comply with applicable Commission Rules and Regulations if any additional operations are conducted on the Lands.

7. Successors and Assigns. When KPK is used in this Agreement, it shall also mean the successors and assigns of KPK, as well as its employees and officers, agents, affiliates, contractors, subcontractors and/or purchasers. This Agreement shall be binding upon and inure to the benefit of the heirs, successors and assigns of Landowner.

8. Confidentiality. Landowner shall not disclose such information about this Agreement without the advance written consent from KPK. KPK may need to provide this Agreement to regulatory agencies, evidencing the existence of this Agreement, but in all other respects its terms and conditions shall be held confidential by the parties.


9. Counterparts. This Agreement may be executed electronically or by facsimile, in counterparts, each of which will be considered an original and enforceable against either party.

10. Governing Law/Venue. This Agreement shall be interpreted according to the laws of the State of Colorado. Venue for any dispute shall be in the City and County of Denver, Colorado.


11. Written Modifications/Notices. This Agreement may only be amended in writing signed by both parties. All notices to either party shall be in writing addressed to the parties at the address set forth above.

AGREED TO AND ACCEPTED AS OF THE DATE FIRST WRITTEN ABOVE.

LANDOWNER:

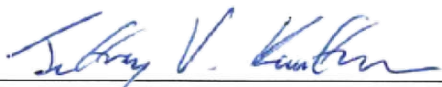
By: 

152nd and York LLC
Clark D. Carlson, Manager

By: 

York 80 LLC
Clark D. Carlson, Manager

K.P. KAUFFMAN COMPANY, INC.

By: 

Jeffrey V. Kauffman
President