



Mr. & Mrs. Roger L. Schenk
26237 Hwy. 63
Akron, CO 80720

May 22, 2017

Re: Clover-Schenk 1 well located in the
SW/4 Sec. 24-Township 2 South-Range 53 West, 6th P.M.

Dear Mr. & Mrs. Schenk,

IPT is handling permitting matters for St. Croix Operating Inc. St. Croix proposes to use a reserve pit to drill the subject well per all applicable Colorado Oil and Gas Conservation Commission regulations governing the construction and reclamation of such pits. Part of these regulations allow for the spreading of water-based bentonitic drilling fluids on nearby cropland owned by you. We have summarized the applicable COGCC regulation below.

COGCC Rule 1003.d (1) *Drilling pit closure on crop land and within 100-year floodplain.*

On crop land or within the 100-year floodplain, water-based bentonitic drilling fluids, except de minimis amounts, shall be removed from the drilling pit and disposed of in accordance with the 900 Series rules. Operators shall ensure that soils meet the concentration levels of Table 910-1. Drilling pit reclamation, including the disposal of drilling fluids and cuttings, shall be performed in a manner so as to not result in the formation of an impermeable barrier. Any cuttings removed from the pit for drying shall be returned to the pit prior to backfilling, and no more than de minimis amounts may be incorporated into the surface materials. After the drilling pit is sufficiently dry, the pit shall be backfilled. The backfilling of the drilling pit shall be done to return the soils to their original relative positions. Closing and reclamation of drilling pits shall occur no later than three (3) months after drilling and completion activities conclude.

Following permit approval and prior to drilling the subject well, St. Croix Operating Inc. hereby agrees to pay you the Redacted in addition to the previously agreed upon surface usage payment, for the privilege of spreading the drilling fluids on adjacent lands. If you agree with the above, please date and sign below and return a copy to us in the enclosed envelope. Please call Andy Peterson with any questions at 970-203-4263.

Respectfully,

Paul Gottlob
Regulatory & Engineering Technician
Consultant to St. Croix Operating Inc.

Dated this 25th day of May, 2017
Lessors:

Roger L. Schenk

Diane R. Schenk