

Contract Operating Agreement

This Contract Operating Agreement ("**Agreement**"), dated and effective as of July 17, 2018 ("**Effective Date**"), is entered into between **Polaris Production Partners LLC**, a Delaware limited liability company ("**Owner**"), and **D90 Energy, LLC**, a Texas limited liability company ("**Operator**"). Owner and Operator are, collectively, the "**Parties**," and are each, individually, a "**Party**."

Recitals

(A) Operator is experienced in oil and gas operations and desires to be engaged by Owner solely as an independent contractor to manage and operate the Assets.

(B) The Parties have agreed upon the terms and conditions upon which Operator will manage and operate the Assets.

Agreement

For and in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which the Parties acknowledge, the Parties hereby agree as follows:

Article I **Services to Be Performed**

Section 1.1 Services. Owner hereby appoints Operator as operator of the Assets on the terms and conditions set forth in this Agreement. Owner will advise Operator of the services that Owner shall from time to time require. Upon agreement of the Parties about the services to be conducted, Operator shall perform such services. Owner shall give Operator timely advice of the details of any service which Operator is requested to perform, including accounting, engineering, geological, geophysical and other services that may be related to the operation and maintenance of the Assets ("**Services**"). The Services that Operator shall perform under this Agreement include the Services described in Exhibit A attached hereto.

Section 1.2 Performance Standard. Operator shall perform the Services as a reasonably prudent operator, in accordance with all applicable Laws, licenses, authorizations, certifications, and permits, and consistent with the same degree of care, skill, accuracy, responsiveness and prudence that it customarily exercises for its own operations. Operator shall cause the Services to be performed by employees or third-party contractors supervised by Operator that possess qualifications that Operator or its affiliates would require of such employees or third-party contractors if such Services were currently being provided for the benefit of Operator or its affiliates prior to Closing. Operator shall perform and complete, or cause to be performed and completed, the Services in an efficient and timely manner.

Section 1.3 Payment for Services. In consideration for Operator's performance of all of the Services during the Term hereof, Owner shall pay to Operator the following sums:

subject to this Agreement (the "**COPAS Accounting Procedure**"); provided that, for purposes of clarity, Owner shall only be responsible for paying amounts to Operator to the extent such amounts are expressly authorized herein or pursuant to this Agreement. All references to the "Operator" under the COPAS Accounting Procedure will be deemed to be the Operator, and all references to a "Non-Operator" under the COPAS Accounting Procedure will be deemed to be the Owner. The COPAS shall be incorporated under and subject to the terms of this Agreement, and to the extent of a conflict or inconsistency between this Agreement and the COPAS Accounting Procedure, this Agreement shall control.

Section 1.5 Meetings and Reporting. On a monthly basis, or as otherwise mutually agreed, the Parties shall meet at a time, place, and/or manner, agreed to by both Parties to discuss the Services, operations, and performance of the Operator. Additionally, at least two (2) days prior to such meeting, Operator shall submit a written report on such matters as may be requested by Owner, including, by way of example, a summary of the results of the prior month's operations (e.g., production, expenditures and other relevant matters) and a forecast and schedule for anticipated upcoming maintenance and/or capital expenditures.

Section 1.6 Vehicles. In connection with the Services, Operator will be taking title to certain vehicles acquired by or through Owner in connection with the Assets including, but not limited to, the vehicles on **Schedule II** hereto (the "Vehicles"). Owner shall have the right, at any time during or after the Term, to take title to any or all of the Vehicles by providing written notice thereof to Operator. Upon receipt of such notice, Operator shall have five (5) business days to deliver title and possession of any such Vehicles to Owner.

Article II Independent Contractor

Section 2.1 Independent Contractor Status. The Parties expressly agree that the Services rendered by Operator in the fulfillment of the terms and obligations of this Agreement shall be under the general direction of Owner; *provided, however*, that Owner shall look to Operator for results only and shall have no right at any time to direct or supervise Operator, its affiliates or their employees or third-party contractors as to the manner, means and method in which the Services are performed. Notwithstanding anything to the contrary, in all events Operator shall be an "independent contractor" of Owner. Without limiting the foregoing, Operator shall not be permitted to enter, and shall cause its employees not to enter, into any contract on behalf of Owner or otherwise bind the Assets without Owner's prior written consent. At no time shall any director, employee, agent, or consultant of Operator, any independent contractor or subcontractor (of any tier) engaged by Operator, or any director, employee, agent, or consultant of any such independent contractor or subcontractor (of any tier) be considered an employee of Owner or its affiliates with respect to such individual's performance of Services hereunder. Operator shall have no right to seek, and shall cause its insurers and underwriters not to seek, any contribution or indemnity from Owner for any compensation or benefits paid or payable by Operator and its insurers and underwriters. Operator's engagement as an independent contractor by Owner will terminate upon the termination of this Agreement as provided for herein.

(a) Owner shall pay Operator a monthly fee (the "***Fee***") of \$400.00 per "producing well" (as such term is used in Section III. 1. B (3)(a)-(e) of the COPAS). If Services are performed only for a portion of a calendar month for any well, the Fee will be prorated (number of days operated/number of days in month).

(b) Any other amounts required to be paid to Operator under the COPAS Accounting Procedure in connection with providing the Services with respect to the Assets during the Term, subject, however, to Section 1.3(d)(i).

(c) Concurrent with its first month's JIB payment, Owner shall pay Operator a one-time fee of \$9,500 plus third-party transportation costs incurred in moving records and files related to the Assets to Operator's offices in Houston.

(d) Operator shall not incur, and Owner shall be not be obligated to pay or reimburse Operator for, during any month, (i) lease operating expenses exceeding by \$10,000 or more the amounts set forth for such month on Schedule I under the column labeled "Opex (\$)," or (ii) capital expenditures (including, without limitation, drilling, completing, equipping, working over, and plugging and abandoning wells) exceeding by any amount the amounts set forth for such month in Schedule I under the column labeled "Capex (\$)," in each case, unless prior to incurring such excess amounts Operator sends Owner written authorizations for expenditure ("***AFEs***") requesting approval for such excess amounts and Owner approves such AFEs in writing; *provided, however,* that Operator shall be authorized to provide any necessary emergency Services in accordance with the emergency response plan to address any accident, emergency, or exigent circumstances. Operator will promptly report by telephone to Owner's representative all accidents or occurrences resulting in injuries, illness, or death to any person or damage to property arising out of or occurring during the course of Operator's operations or the operations of any subcontractor of Operator. All reports will be confirmed in writing by Operator to Owner within twenty-four hours. With respect to all such accidents and occurrences, Operator will promptly provide Owner with a copy of all notices or reports made by Operator to governmental agencies or authorities and a copy of all communications with its insurers under insurance policies required under this Agreement.

(e) The Parties acknowledge that Schedule I reflects planned operating and capital expenditures for the 12 months following the Effective Date. No later than sixty (60) days prior to the date that is 12 months from the Effective Date, Operator shall submit to Owner in writing a proposed amended Schedule I reflecting planned operating and capital expenditures for the next succeeding 12 months ("***Proposed Schedule I Amendment***"). Within thirty (30) days of its receipt of such Proposed Schedule I Amendment, Owner may deliver to Operator a written response describing any changes Owner proposes to make to such Proposed Schedule I Amendment. If the Parties are unable to agree upon such changes on or before the date that is 12 months following the Effective Date, the Proposed Schedule I Amendment incorporating Owner's changes will be deemed the final amended Schedule I for purposes of the next succeeding 12 months. The Parties will in like manner amend Schedule I to reflect the planned expenditures for each succeeding 12-month period.

Section 1.4 COPAS Accounting Procedure. The Parties hereby incorporate the COPAS Accounting Procedure for Joint Operations attached as Exhibit C to this Agreement into and

Section 2.2 No Agency. Operator shall have no authority to amend, modify, or waive compliance with any operating agreement, oil and gas lease, or other contract or agreement in effect with respect to the Assets. Operator shall not undertake to negotiate new agreements or submit transaction proposals with respect to the Assets to any other person without Owner's prior written consent. Any new contract or agreement negotiated by Operator with respect to the Assets must be executed by a duly authorized officer or representative of Owner before such contract or agreement becomes binding on Owner. Nothing contained in this Agreement shall be deemed or construed to create a relationship among Owner and Operator of partnership, joint venture, agency, or other relationship creating fiduciary, quasi-fiduciary, or similar duties or obligations inter se, or that would otherwise subject Owner and Operator to joint and several or vicarious liability in favor of any other person.

Section 2.3 Service Covenants.

(a) Owner only retains the right to direct the results achieved by Operator. Owner does not retain the right to control the manner and means by which these results are to be accomplished, nor will Owner establish a quality standard for Operator.

(b) Operator shall determine when, where, and how it is to perform Services under this Agreement. There shall be no set hours during which Operator must work. There shall be no requirement that Services be performed upon the premises of Operator. Owner shall set no order or sequence in which Services by Operator must be performed. Owner retains no right of control in these areas.

(c) Operator's Services shall not be integrated into Owner's general business operations.

(d) Operator will remain directly responsible for the Services performed and will ensure that the work meets the specifications set forth by Owner.

(e) Operator is not required to work full time for Owner and may perform services for other companies; *provided, however*, that Operator agrees to abide by any and all obligations to Owner regarding protection of Owner's Confidential Information (defined below) and trade secrets as set forth below.

(f) Operator shall supply, at Operator's sole expense, all equipment, tools, materials, and/or supplies necessary to accomplish the Services.

(g) Operator understands that it must obtain and keep current, at its own expense, all permits, certificates, and licenses necessary for Operator to perform services under the terms of this Agreement.

Section 2.4 Insurance. Operator shall maintain insurance in the minimum amounts set forth on Exhibit B.

Section 2.5 Tax Treatment. No payroll taxes of any kind shall be withheld from payments to Operator hereunder nor paid by Owner on behalf of Operator or any employees of Operator. Operator shall not be treated as an employee with respect to the Services performed

hereunder for federal or state tax purposes. Operator shall be furnished, following the calendar year end, on a timely basis, with an IRS Form 1099. Operator understands that it is Operator's responsibility to pay, according to all applicable laws, Operator's state, local and federal income taxes. If Operator is not a corporation, Operator further understands that Operator may be liable for self-employment (social security) tax to be paid by Operator according to law.

Section 2.6 Benefits. Operator is its own independently established business in providing all Services to be performed under this Agreement. Operator is not eligible for, and shall not participate in, any pension, health, or other benefits of any kind or character normally extended by Owner to its officers or employees.

Section 2.7 Workers' Compensation Insurance and Unemployment Compensation Insurance. **OPERATOR IS AN INDEPENDENT CONTRACTOR AND AS SUCH IS NOT ENTITLED TO WORKERS' COMPENSATION BENEFITS OR UNEMPLOYMENT COMPENSATION BENEFITS. OPERATOR SHALL OBTAIN WORKERS' COMPENSATION INSURANCE AND UNEMPLOYMENT COMPENSATION INSURANCE IN CONNECTION WITH PERFORMING THE SERVICES IN ADDITION, OPERATOR IS OBLIGATED TO PAY FEDERAL AND STATE INCOME TAX ON ANY MONEYS EARNED PURSUANT TO THIS AGREEMENT.**

Section 2.8 Indemnification. **OPERATOR AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND OWNER FROM AND AGAINST ANY AND ALL CLAIMS, CAUSES OF ACTION AND/OR LOSSES OR DAMAGES (INCLUDING, WITHOUT LIMITATION, ATTORNEY'S FEES AND OTHER LEGAL EXPENSES AND COSTS) ARISING FROM ANY BREACH OF THIS AGREEMENT BY OPERATOR, OR ANY OF ITS CONTRACTORS AND SUBCONTRACTORS.**

Article III Term and Termination

Section 3.1 Term. This Agreement shall commence on the Effective Date and shall continue month-to-month thereafter until terminated by either Party in whole or in part as to any well for which Operator is then providing Services upon thirty (30) days' prior written notice (such time period, the "**Term**"). Upon termination of this Agreement as to one or more wells for which Operator is then providing Services, Owner shall pay Operator the Fee due for each such well for the month prior to such termination.

Section 3.2 Effect of Termination. Section 1.2, Article II, Article IV, and Article V shall survive any expiration or termination of this Agreement.

Article IV Records Maintenance and Audits

Section 4.1 Records Maintenance. Operator shall keep and maintain (or cause to be kept and maintained) books and records of all reports, expenditures (inclusive of invoices, payment statements, and receipts), operations (inclusive of production information), and transactions relating to the Services, which books and records shall (a) to the extent such records, including accounting records, are available electronically, be accessible by Owner electronically

at no cost, (b) be available for review by Owner (or its representatives) during regular business hours of Operator upon reasonable advance request; (c) be available to be copied by Owner (or its representatives); and (d) be delivered by Operator to Owner at the end of the Term.

Section 4.2 Audits. Owner shall have the right to audit or dispute Operator's books and records related to the Services as set forth under the COPAS Accounting Procedure.

Article V Miscellaneous

Section 5.1 Notices. All non-emergency notices and communications required or permitted to be given hereunder shall be sufficient in all respects if given in writing and delivered personally, or sent by bonded overnight courier, or mailed by U.S. Express Mail or by certified or registered United States Mail with all postage fully prepaid, or sent by facsimile transmission (provided any such facsimile transmission is confirmed by written confirmation), or sent by electronic transmission addressed to the appropriate Party at the address for such Party shown below or at such other address as such Party shall have theretofore designated by written notice delivered to the Party giving such notice:

If to Operator:

D90 Energy, LLC
202 Travis Street, Suite 400
Houston, TX 77002
Attn: Daniel Silverman
Email: daniel@morseenergycapital.com
dsilverman@d90energy.com

If to Owner:

Polaris Production Partners LLC
c/o Morse Energy Capital Partners LLC
410 17th Street, Suite 1150
Denver, CO 80202
Attn: Brad Morse (Phone: (720) 261-1190)
Fax: (303) 592-1013
Email: brad@morseenergycapital.com
Polaris Production Partners LLC
c/o Arena Investors, LP
405 Lexington Avenue, 59th Floor
New York, NY 10174
Attn: Greg White (Phone: (212) 655-1366)
Grace Paulsen (Phone: (212) 257 4187)
Email: gwhite@arenaco.com
gapulsen@arenaco.com

In the event of an emergency, Operator shall contact Owner at the phone numbers provided above. The Parties may change the address (including email address) and facsimile numbers to which

such communications are to be addressed by giving written notice to the other Parties in the manner provided in this Section 5.1.

Section 5.2 Confidential Information. Operator acknowledges that certain of Owner's operations and information obtained, learned, or acquired during the performance of this Agreement, whether or not the information is directly related to Operator's performance of this Agreement, are proprietary in nature and shall have been developed or processed through the use of trade secrets, methods of operation, or other confidential means possessed by Owner and disclosed in confidence to Operator or acquired as a result of this contractual relationship. Operator also acknowledges that he it may have substantial and ongoing contact with employees of Owner and its affiliates and project participants and will thereby gain knowledge of Owner's needs, preferences, and other valuable information necessary for the success of Owner's business ("**Confidential Information**"). Operator, therefore, covenants and agrees to keep any and all such information obtained in the performance of this Agreement confidential, whether or not the information is directly related to Operator's performance of this Agreement. Operator recognizes that Owner, Owner's affiliates, or project participants may provide Operator with confidential information. Operator agrees to keep any and all such information confidential and agrees not to divulge or to permit its employees, agents, assistants, or subcontractors (of any tier) to divulge such information to any person other than Owner during the Term and for two years after termination thereof. Operator shall not convert any such confidential information so obtained to his, her, or its personal use, gain, or benefit nor shall Operator permit the use of such confidential information for the gain or benefit of any third parties, whether before or after the expiration or termination of this Agreement. Operator further agrees that all terms and conditions of this Agreement shall be considered confidential, and Operator agrees not to disclose such terms and conditions to any third party.

Section 5.3 Governing Law; Venue; WAIVER OF JURY TRIAL.

(a) Governing Law. This Agreement shall be construed in accordance with, and governed by, the Laws of the State of Colorado, without regard to its conflict of law rules.

(b) Venue. Each Party consents to personal jurisdiction in any action brought in the United States federal courts located within the City and County of Denver, Colorado (or, if jurisdiction is not available in the United States federal courts, to personal jurisdiction in any action brought in the state courts located in the City and County of Denver, Colorado), with respect to any dispute, claim or controversy arising out of or in relation to or in connection with this Agreement, and each of the Parties agrees that any action instituted by it against the other with respect to any such dispute, controversy, or claim will be instituted exclusively in the United States federal courts located within the City and County of Denver, Colorado (or, if jurisdiction is not available in the United States federal courts, to personal jurisdiction in any action brought in the state courts located in the City and County of Denver, Colorado).

(c) Waiver of Jury Trial. EACH PARTY HEREBY KNOWINGLY, VOLUNTARILY, INTENTIONALLY AND IRREVOCABLY WAIVES, TO THE MAXIMUM EXTENT NOT PROHIBITED BY LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY A JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR DIRECTLY OR INDIRECTLY AT ANY TIME ARISING OUT OF, UNDER OR IN CONNECTION WITH

THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR ASSOCIATED HERewith.

Section 5.4 Entire Agreement and Modification. This Agreement supersedes all prior agreements between the Parties with respect to its subject matter and constitutes a complete and exclusive statement of the terms of the agreement between the Parties with respect to its subject matter. This Agreement may not be amended except by a written agreement executed by both Parties. No representation, promise, inducement, or statement of intention with respect to the subject matter of this Agreement has been made by either Party that is not embodied in this Agreement, and neither Party shall be bound by or liable for any alleged representation, promise, inducement, or statement of intention not so set forth.

Section 5.5 Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable.

Section 5.6 Assignability. Neither Owner nor Operator shall assign all or any part of this Agreement, nor shall any Party assign or delegate any of its rights or duties hereunder, without the prior written consent of the other Party, which consent may be withheld for any or no reason, and any assignment or delegation made without such consent shall be void; *provided, however*, that notwithstanding the foregoing, Owner may assign this Agreement and its rights or duties hereunder to one or more of its affiliates without the consent of Operator; *provided, further*, that no such assignment without consent shall relieve Owner of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns.

Section 5.7 Ownership of Data. All records, reports, forms and other data and information with respect to the Assets included as Records in the PSA or which are received, developed, produced, used or stored as part of the Services provided pursuant to this Agreement are the exclusive property of Owner. Upon the termination or expiration of this Agreement, Operator shall furnish all of such records, reports, forms and other data and other information received, developed, produced, used or stored pursuant to this Agreement, to Owner in Operator's customary form and formats. Upon request of Owner at any time or times while this Agreement is in effect, Operator shall immediately deliver to Owner any or all of the records, data and other information held or maintained by Operator pursuant to this Agreement in Operator's customary form and format. Operator will not furnish any information or reports used in connection with Operator rendering the Services hereunder to any third party except to the extent same is useful or necessary in order for Operator to comply with its obligations hereunder.

Section 5.8 Section Headings, Construction. The headings of Sections and Exhibits in this Agreement are provided for convenience only and shall not affect its construction or interpretation. All references to "Section" or "Exhibit" refer to the corresponding Section or Exhibit of this Agreement. Unless expressly provided to the contrary, the words "hereunder," "hereof," "herein," and words of similar import are references to this Agreement as a whole and not any particular Section, Exhibit, or other provision of this Agreement. Each definition of a

defined term herein shall be equally applicable both to the singular and the plural forms of the term so defined. All words used in this Agreement shall be construed to be of such gender or number, as the circumstances require. Unless otherwise expressly provided, the word "including" does not limit the preceding words or terms. Each Party has had substantial input into the drafting and preparation of this Agreement and has had the opportunity to exercise business discretion in relation to the negotiation of the details of this Agreement. This Agreement is the result of arm's-length negotiations from equal bargaining positions. This Agreement shall not be construed against either Party, and no consideration shall be given or presumption made on the basis of who drafted this Agreement or any particular provision hereof or who supplied the form of Agreement.

Section 5.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same agreement.

[Signature pages follow.]

Operator has executed this Agreement as of the Effective Date.

OPERATOR

D90 ENERGY, LLC

By: 

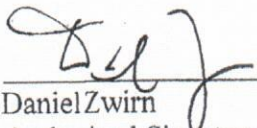
Name: Daniel Silverman

Title: Manager

Owner has executed this Agreement as of the Execution Date.

OWNER

POLARIS PRODUCTION PARTNERS LLC

By: 
Name: Daniel Zwirn
Title: Authorized Signatory

*Signature Page to
Contract Operating Agreement*