

ASSIGNMENT AND BILL OF SALE

STATE OF COLORADO           §  
  §           KNOW ALL MEN BY THESE PRESENTS:  
COUNTY OF LA PLATA       §

This Assignment and Bill of Sale ("Assignment") effective January 1, 2019 (the "Effective Date") is by and between Faulconer 1996 Limited Partnership, LLP, a Texas limited liability partnership, and Faulconer Energy Limited Partnership, a Louisiana limited partnership, whose addresses are 1001 ESE Loop 323, Suite 160, Tyler, Texas 75701 (hereinafter collectively referred to as "Assignor") and Robert L. Bayless, Producer LLC, a Colorado limited liability company, whose address is 621 17th Street, Suite 2300, Denver, CO 80293 ("Assignee").

For Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor does hereby bargain, sell, assign and convey to Assignee all of Assignor's right, title and interest, subject to any depth restrictions existing prior to the Effective Date, in and to the lands (the "Lands") and the oil and gas leases described on Exhibit "A" attached hereto and made a part hereof (the "Leases"), including, but not limited to, record title interests, operating rights, contractual interests, overriding royalty interests, and before and after payout interests.

This Assignment also covers all of Assignor's right, title and interest in and to the wellbores described on the attached Exhibit "B" (the "Wells"), together with Assignor's interest in and to all production, including oil, gas and other hydrocarbons and minerals attributable to the Leases and Wells from and after the Effective Date.

For like consideration, Assignor sells, transfers, assigns and conveys to Assignee, all of Assignor's interest in all personal property and equipment located in and on the Wells or used in connection therewith as the same is described on Exhibit "B" hereto (the "Equipment").

Assignor grants to Assignee, to the extent assignable, without warranty of title, express, implied or statutory, all rights of egress and ingress and other uses of the surface granted by the Leases, and any surface use agreements, easements or other contracts pertaining to the Leases or Lands providing for the right to use any portion of the Lands to access or operate the Wells (hereinafter collectively referred to as "Easements"), as well as all existing and effective unitization agreements, pooling orders, pooling and communitization agreements, joint operating agreements, declarations, orders, and assignments of operating rights (hereinafter referred to as the "Contracts"), all without any representation or warranty of title by Assignor, whether express, implied or statutory, SUBJECT TO Assignor's right, which is hereby expressly retained, to access the Lands for the purpose of fulfilling Faulconer 1996 Limited Partnership, LLP's retained responsibility to reclaim the wellsite of the Venture #6 well (API No. 05-067-06585 which was plugged on or about November 7, 2018) in accordance with the rules and regulations of any local, state, or federal authority in effect on the Effective Date.

The Leases, Lands, Wells, Contracts, Easements, Equipment, and other rights referenced above are sometimes hereinafter collectively referred to as "Properties" or "Property".

This Assignment is made expressly subject to, and Assignee's rights shall be governed by the terms of the Leases and all instruments and contracts and contractual obligations of Assignor related to the Wells and the Leases.

Assignee assumes full responsibility and liability for the following plugging and abandonment obligations related to the Wells (the "Plugging and Abandonment Obligations"), regardless of whether they are attributable to the ownership or operation of the Wells before or after the Effective Date and regardless of whether resulting from any acts or omissions of Assignor, Vernon E. Faulconer, Inc., or any of its or their affiliates (INCLUDING THOSE ARISING FROM ASSIGNOR'S, VERNON E. FAULCONER, INC.'S OR ITS AFFILIATES' SOLE, JOINT, CONCURRENT OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT) or the condition of the Wells when acquired:



- (a) The necessary and proper plugging and abandonment of the Wells;
- (b) The necessary and proper removal, abandonment, and disposal of all, structures, pipelines, facilities, equipment, and junk located on or comprising part of the Wells;
- (c) The necessary and proper capping and burying of all flow lines associated with the Wells;
- (d) The necessary and proper restoration of the property where the Wells are located, both surface and subsurface, as may be required by applicable laws, regulation, contract or prudent oilfield practice;
- (e) Any necessary clean-up or disposal of naturally occurring radioactive material ("NORM"), as may be required by applicable laws, regulations or contract;
- (f) All obligations arising from contractual requirements and demands made by courts, authorized regulatory bodies or parties claiming a vested interest in the Wells; and
- (g) All obligations to obtain and maintain all bonds, or supplemental or additional bonds, that may be required contractually or by governmental authorities.

Assignee shall conduct all plugging, abandonment, removal, disposal and restoration operations in a good and workmanlike manner and in compliance with all applicable laws and regulations.

Assignee assumes full responsibility and liability for the following occurrences, events, conditions, and activities on or related to the Wells (the "Environmental Obligations"), regardless of whether arising from the ownership or operation of the Wells before or after the Effective Date, and regardless of whether resulting from any acts or omissions of Assignor, Vernon E. Faulconer, Inc., or any of its or their affiliates (INCLUDING THOSE ARISING FROM ASSIGNOR'S, VERNON E. FAULCONER, INC.'S, OR ITS AFFILIATES' SOLE, JOINT, CONCURRENT, OR COMPARATIVE NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT) or the condition of the Wells when acquired:

- (a) Environmental pollution or contamination, including pollution or contamination of the soil, groundwater or air by oil, gas or other hydrocarbons, drilling fluid or other chemicals, brine, produced water, NORM, or any other substance;
- (b) Underground injection activities and waste disposal on the Wells;
- (c) Clean-up responses, and the cost of remediation, control, assessment or compliance with respect to surface and subsurface pollution caused by spills, pits, ponds, lagoons or subsurface storage tanks;
- (d) Non-compliance with applicable land use, surface disturbance, licensing or notification rules, regulations, demands or orders of appropriate state or federal regulatory agencies;
- (e) Disposal of any hazardous substances, wastes, materials and products generated by or used in connection with the ownership or operation of the Wells before or after the Effective Date; and
- (f) Non-compliance with Environmental Laws (the term "Environmental Laws" means any statute, law, ordinance, rule, regulation, code, order, judicial writ, injunction, or decree issued by any federal, state, or local governmental authority in effect on or before the Effective Date relating to the control of any pollutant or protection of the air, water, land, or environment or the release or disposal of hazardous materials, hazardous substances or waste materials).



**ASSIGNEE SHALL RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD ASSIGNOR AND VERNON E. FAULCONER, INC., ITS AND THEIR EMPLOYEES, DIRECTORS, OFFICERS, PARTNERS, SHAREHOLDERS, SUBSIDIARIES, AFFILIATES, AND AGENTS (HEREINAFTER COLLECTIVELY REFERRED TO AS THE "ASSIGNOR GROUP") HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS CAUSED BY, RESULTING FROM OR INCIDENTAL TO THE FOLLOWING, REGARDLESS OF THE DATE OF OCCURRENCE:**

- (a) Assignee's assumption of all of its obligations under this Assignment, including but not limited to the Plugging and Abandonment Obligations and the Environmental Obligations;
- (b) The use, occupation, ownership, operation, condition (whether latent or patent), or maintenance of the Properties; and
- (c) Assignee's inspection of the Wells and Lands (as referenced below).

As used in this Assignment, the term "Claims" means any and all demands, losses, liabilities, damages, obligations, expenses, fines, penalties, costs, claims, causes of action and judgments for: (a) breaches of contract; (b) loss or damage to property, injury to or death of persons (including illness and disease), and other tortious injury; and (c) violations of applicable laws, rules, regulations, orders or any other legal right or duty actionable at law or equity. The term "Claims" also includes reasonable attorneys' fees, court costs, and other reasonable costs resulting from the investigation or defense of any Claim within the scope of the indemnities in this Assignment.

In addition to the terms and conditions of this Assignment, Assignee shall assume and perform, as of the Effective Date, all contractual obligations of Assignor related to the Wells and the Leases; provided, however, that responsibility and liability for any audits performed by a government or regulatory agency that involve operation of the Wells prior to the Effective Date of this Assignment, or the Assignor's payment of royalties or taxes attributable to the Wells prior to the Effective Date of this Assignment, shall be retained by Assignor but only to the extent of Assignor's share of responsibility and liability therefor prior to the Effective Date.

ASSIGNOR CONVEYS THE LEASES TO ASSIGNEE SUBJECT TO ALL ROYALTIES, OVERRIDING ROYALTIES, BURDENS, LIENS, ENCUMBRANCES, AND SURFACE RIGHTS, AND WITHOUT WARRANTY OF TITLE, EXPRESS OR IMPLIED. ASSIGNOR EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY FOR ANY EXISTING RIGHTS OR PRIVILEGES OF INGRESS OR EGRESS TO THE WELLS OR THE LANDS, AND ASSIGNEE ACKNOWLEDGES AND AGREES THAT IT SHALL HAVE THE SOLE RESPONSIBILITY AND OBLIGATION TO ACQUIRE ALL SUCH RIGHTS OF INGRESS AND EGRESS NECESSARY OR CONVENIENT TO OWN AND OPERATE THE WELLS AND ACCESS THE LANDS.

ASSIGNOR HEREBY CONVEYS THE WELLS TO ASSIGNEE WITHOUT ANY EXPRESS, STATUTORY OR IMPLIED WARRANTY OR REPRESENTATION OF ANY KIND, INCLUDING WARRANTIES RELATING TO (i) THE CONDITION OR MERCHANTABILITY OF THE PROPERTY, OR (ii) THE FITNESS OF THE PROPERTY FOR A PARTICULAR PURPOSE. ASSIGNEE HAS INSPECTED THE WELLS AND THE LANDS, OR HAS BEEN GIVEN THE OPPORTUNITY TO INSPECT AND HAS WAIVED INSPECTION, AND IS SATISFIED AS TO THE PHYSICAL, OPERATING, REGULATORY COMPLIANCE, SAFETY AND ENVIRONMENTAL CONDITION (BOTH SURFACE AND SUBSURFACE) OF THE WELLS AND THE LANDS AND ACCEPTS THE PROPERTY "AS IS," "WHERE IS," AND "WITH ALL FAULTS" AND IN ITS PRESENT CONDITION AND STATE OF REPAIR. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ASSIGNOR MAKES NO REPRESENTATION OR WARRANTY AS TO (i) THE VALUE, QUALITY, QUANTITY, VOLUME OR DELIVERABILITY OF ANY OIL, GAS OR OTHER MINERALS OR RESERVES (IF ANY) IN, UNDER OR ATTRIBUTABLE TO THE WELLS (INCLUDING WITHOUT LIMITATION PRODUCTION RATES, DECLINE RATES AND RECOMPLETION OR DRILLING OPPORTUNITIES), (ii) THE PHYSICAL, OPERATING, REGULATORY COMPLIANCE, SAFETY OR ENVIRONMENTAL CONDITION OF THE WELL, (iii) PROJECTIONS AS TO EVENTS THAT COULD OR COULD NOT OCCUR, OR



(iv) THE GEOLOGICAL OR ENGINEERING CONDITION OF THE WELLS OR ANY VALUE THEREOF.

ASSIGNEE ACKNOWLEDGES THAT IT HAS BEEN INFORMED THAT OIL AND GAS PRODUCING FORMATIONS CAN CONTAIN NATURALLY OCCURRING RADIOACTIVE MATERIAL (NORM). SCALE FORMATION OR SLUDGE DEPOSITS CAN CONCENTRATE LOW LEVELS OF NORM ON EQUIPMENT, MATERIALS AND OTHER PROPERTY. SOME OR ALL OF THE EQUIPMENT, MATERIALS AND OTHER PROPERTY SUBJECT TO THIS ASSIGNMENT MAY HAVE LEVELS OF NORM ABOVE BACKGROUND LEVELS. A HEALTH HAZARD MAY EXIST IN CONNECTION WITH THIS EQUIPMENT, MATERIALS AND OTHER PROPERTY BY REASON THEREOF. THEREFORE, ASSIGNEE MAY NEED TO FOLLOW SAFETY PROCEDURES WHEN HANDLING THIS EQUIPMENT, MATERIALS AND OTHER PROPERTY.

Assignor and Assignee will do, execute, acknowledge and deliver all further acts, conveyances and instruments as may be reasonably necessary or appropriate to carry out the intent of this Assignment and to more fully and accurately assign and convey the Wells to Assignee.

The provisions of this Assignment shall be covenants running with the land, and this Assignment shall extend to, be binding upon, and inure to the benefit of Assignor and Assignee, and their respective successors and assigns.

This Assignment may be executed in multiple counterparts, each of which shall for all purposes constitute one and the same instrument.

The Exhibits attached to this Assignment (including any Preamble thereto) are incorporated herein by reference and made a part hereof for all purposes.

THIS ASSIGNMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO.

If any provision of this Assignment is found by a court of competent jurisdiction to be invalid or unenforceable, that provision will be deemed modified to the extent necessary to make it valid and enforceable and if it cannot be so modified, it shall be deemed deleted and the remainder of the Assignment shall continue and remain in full force and effect.

If Assignee sells, transfers or assigns all or a portion of the Leases, Assignee shall require its successors and assigns expressly to assume its obligations under this Assignment, to the extent related or applicable to the Leases or portion thereof acquired by them. Any assignments in violation of this provision shall be null and void.

By its acceptance of this Assignment, Assignee shall comply with and does hereby assume and agree to perform Assignee's proportionate part of all express and implied covenants, obligations and reservations contained in the Leases and any other contractual obligations to which the Wells are subject and shall bear its proportionate share of all existing burdens on the Leases.


[The balance of this page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, this Assignment is executed as of the date of each party's acknowledgment, but effective for all purposes as of the Effective Date.


**ASSIGNOR:**

**FAULCONER 1996 LIMITED PARTNERSHIP, LLP**, a Texas limited liability partnership

BY: **FAULCONER CORPORATION**,  
a Texas corporation, its General Partner

BY:   
**GRANT FAULCONER**  
Chief Executive Officer



By:   
**ALYSSA KERR**  
Secretary


**FAULCONER ENERGY LIMITED PARTNERSHIP**, a Louisiana limited partnership

BY: **FAULCONER ENERGY GENERAL PARTNER, L.L.C.**, a Louisiana limited liability company, its General Partner

BY: **FAULCONER ENERGY CORPORATION**, a Texas corporation, its sole Member

BY:   
**GRANT FAULCONER**  
Chief Executive Officer



By:   
**ALYSSA KERR**  
Secretary

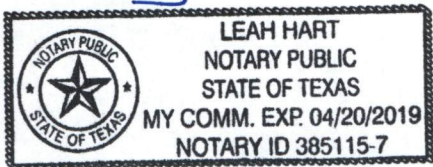


**ACKNOWLEDGMENTS**

THE STATE OF TEXAS   §  
                                     §  
COUNTY OF SMITH     §

BEFORE ME, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **GRANT FAULCONER**, to me personally known, who being by me duly sworn, did say that he is the Chief Executive Officer of Faulconer Corporation, which corporation is the General Partner of **FAULCONER 1996 LIMITED PARTNERSHIP, LLP**, a Texas limited liability partnership, and that the above instrument was signed on behalf of Faulconer Corporation by authority of its Board of Directors, and the said **GRANT FAULCONER** acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes therein set forth.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 28<sup>th</sup> day of January, 2019.

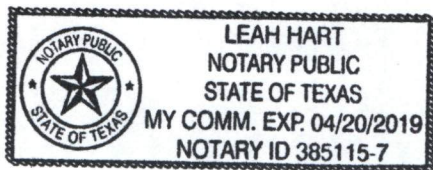


Leah Hart  
Notary Public, State of Texas

THE STATE OF TEXAS   §  
                                     §  
COUNTY OF SMITH     §

BEFORE ME, the undersigned, a Notary Public in and for the county and state aforesaid, personally appeared **GRANT FAULCONER**, to me personally known, who being by me duly sworn, did say that he is the Chief Executive Officer of Faulconer Energy Corporation, a Texas corporation, which corporation is the sole Member of Faulconer Energy General Partner, L.L.C., a Louisiana limited liability company, which limited liability company is the General Partner of **FAULCONER ENERGY LIMITED PARTNERSHIP**, a Louisiana limited partnership, and that the instrument was signed on behalf of Faulconer Energy Corporation by authority of its Board of Directors, and the said **GRANT FAULCONER** acknowledged said instrument to be the free act and deed of said corporation for the uses and purposes therein set forth.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 28<sup>th</sup> day of January, 2019.



Leah Hart  
Notary Public, State of Texas

IN WITNESS WHEREOF, this Assignment is executed as of the date of each party's acknowledgment, but effective for all purposes as of the Effective Date.

**ASSIGNEE:**

**ROBERT L. BAYLESS, PRODUCER LLC**

By: \_\_\_\_\_

**Robert L. Bayless, Jr.**  
Executive Manager

**ACKNOWLEDGMENT**

**STATE OF COLORADO §**

**§**

**COUNTY OF DENVER §**

This instrument was acknowledged before me on Feb. 6th, 2019, by Robert L. Bayless, Jr., Executive Manager of Robert L. Bayless, Producer LLC, a Colorado Limited Liability Company, on behalf of said LLC.

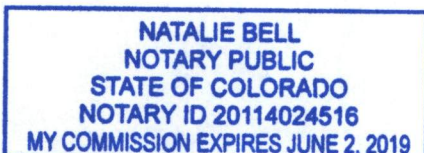
In witness whereof, I hereunto set my hand and official seal.

My Commission Expires:

June 2, 2019

\_\_\_\_\_  
**Natalie Bell**

Notary Public in and for the  
State of Colorado





**EXHIBIT "A"**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT AND BILL  
OF SALE DATED EFFECTIVE JANUARY 1, 2019, BY AND BETWEEN FAULCONER  
1996 LIMITED PARTNERSHIP, LLP, ET AL, AS ASSIGNOR, AND ROBERT L.  
BAYLESS, PRODUCER LLC, AS ASSIGNEE**

**LEASES**  
**LA PLATA COUNTY, COLORADO**

LEASE NO.:	CO067-0002
LESSOR:	Southern Ute Tribe of Indians – BIA No. 14-20-151-15
LESSEE:	U.S. Smelting, Refining and Mining Company
DATE:	8/4/1953
RECORDING:	Book 325, Page 65
DESCRIPTION:	Township 33 North, Range 9 West N.M.P.M. Section 17: E/2 NE/4 Section 21: all
LEASE NO.:	CO067-0005
LESSOR:	Arvil Brown
LESSEE:	Paul L. Davis
DATE:	2/8/1946
RECORDING:	Book 257, Page 166
DESCRIPTION:	Township 33 North, Range 9 West N.M.P.M. Section 21: S/2 SE/4 Section 22: N/2 NE/4, SW/4 NE/4, NW/4 SE/4, NE/4 SW/4 and S/2 S/2
LEASE NO.:	CO067-0006
LESSOR:	R. H. Woods
LESSEE:	Stanolind Oil and Gas Company
DATE:	7/17/1946
RECORDING:	Book 259, Page 217
DESCRIPTION:	Township 33 North, Range 9 West N.M.P.M. Section 17: W/2 NW/4
LEASE NO.:	CO067-007
LESSOR:	Roy M. Brown
LESSEE:	Paul L. Davis
DATE:	7/11/1946
RECORDING:	Book 257, Page 579
DESCRIPTION:	Township 33 North, Range 9 West N.M.P.M. Section 17: E/2 NW/4 and W/2 NE/4
LEASE NO.:	CO067-0010
LESSOR:	Southern Ute Tribe of Indians – BIA No. 14-20-604-63
LESSEE:	Northwest Production Corporation
DATE:	12/6/1955
RECORDING:	Book 360, Page 560
DESCRIPTION:	Township 33 North, Range 10 West, N.M.P.M. Section 3: Lots 1, 2, 3, 4 and the SE/4 NE/4 of
LEASE NO.:	CO067-0011
LESSOR:	Southern Ute Tribe of Indians – BIA No. 14-20-604-64
LESSEE:	Northwest Production Corporation
DATE:	12/6/1955
RECORDING:	Book 360, Page 574
DESCRIPTION:	Township 33 North, Range 10 West, N.M.P.M. Section 17: all



LEASE NO.: CO067-0012  
LESSOR: Southern Ute Tribe of Indians – BIA No. 14-20-604-65  
LESSEE: Northwest Production Corporation  
DATE: 12/6/1955  
RECORDING: Book 360, Page 579  
DESCRIPTION: Township 33 North, Range 10 West, N.M.P.M.  
Section 8: W/2  
Section 29: SE/4 SE/4

LEASE NO.: CO067-0019  
LESSOR: Joseph H. McCarville  
LESSEE: Paul L. Davis  
DATE: 2/14/1946  
RECORDING: Book 257, Page 228  
DESCRIPTION: Township 33 North, Range 9 West, N.M.P.M.  
Section 22: SE/4 NE/4, NE/4 SE/4

LEASE NO.: CO067-0023  
LESSOR: M. Frank Davis  
LESSEE: Stanolind Oil and Gas Company  
DATE: 2/19/1946  
RECORDING: Book 259, Page 244  
DESCRIPTION: Township 33 North, Range 10 West, N.M.P.M.  
Section 3: N/2 SE/4; SW/4 NE/4; S/2 NW/4; NE/4 SW/4

LEASE NO.: CO752-F-0013  
LESSOR: Chester E. Thompson and Eva A. Thompson  
LESSEE: C. H. Cotter  
DATE: December 12, 1955  
RECORDING: Book 357, Page 80  
DESCRIPTION: Township 34 North, Range 10 West  
Section 29: S/2 SW/4, SW/4 SE/4

LEASE NO.: CO752-F-0014  
LESSOR: Robert R. McCulloch and Mary B. McCulloch  
LESSEE: N. Spatter  
DATE: January 17, 1950  
RECORDING: Book 293, Page 157  
DESCRIPTION: Township 34 North, Range 10 West, N.M.P.M.  
Section 29: N/2 SE/4, N/2 SW/4, N/2 NE/4, SE/4 NE/4, SW/4  
NE/4, S/2 NW/4, NW/4 NW/4

**INCLUDING ALL AMENDMENTS, EXTENSIONS, AND RATIFICATIONS THEREOF, AND REGARDLESS OF WHETHER THE FOREGOING LEASES ARE INCORRECTLY DESCRIBED (QUALITATIVELY, QUANTITATIVELY, OR OTHERWISE), AND HEREBY INCORPORATING FOR ALL PURPOSES THE LEASES, IF ANY, INADVERTNETLY OMITTED FROM THIS EXHIBIT "A", ALL SUBJECT TO EACH AND EVERY RESTRICTION, RESERVATION, EXCLUSION, AND EXCEPTION CONTAINED IN THE ASSIGNMENT TO WHICH THIS EXHIBIT "A" IS ATTACHED.**



**EXHIBIT "B"**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT AND BILL  
OF SALE DATED EFFECTIVE JANUARY 1, 2019, BY AND BETWEEN FAULCONER  
1996 LIMITED PARTNERSHIP, LLP, ET AL, AS ASSIGNOR, AND ROBERT L.  
BAYLESS, PRODUCER LLC, AS ASSIGNEE**

**WELLS  
IGNACIO BLANCO FIELD  
LA PLATA COUNTY, COLORADO**

<b>UNIT</b>	<b>WELL NAME</b>	<b>API NO.</b>
7581	BLACK MOUNTAIN #1	05-067-06132
7582	BLACK MOUNTAIN #2	05-067-06138
7583 7585	INDIAN SPRINGS #2 MV/PC	05-067-06289
7584	INDIAN SPRINGS #1	05-067-06123
7587	SOUTHERN UTE #17-1	05-067-06449
7592	WEST ANIMAS #1	05-067-06137
7630	SUNICAL #1-MV	05-067-05436
7631	SUNICAL #2-MV	05-067-05336
7633	SUNICAL #6-D	05-067-05384
7638	VENTURE #1	05-067-06510
7642	VENTURE #4	05-067-06583
7557	FLORIDA #1	05-067-06287
7576	MCCULLOCH 34-10 #29-4	05-067-08682

**After Recording, return to:**  
**Vernon E. Faulconer, Inc.**  
**Attn: Land Dept.**  
**P.O. Box 7995**  
**Tyler, Texas 75711**