

WATER SUPPLY AGREEMENT

This Water Supply Agreement ("Agreement") is entered into this 4th day of August, 2015 by and between FRITZLER RESOURCES, INC. (hereafter "Fritzler") and ROBERT GILBERT (hereafter "Rancher").

RECITALS

1. Fritzler purchased the West Fork Unit from Trinity Energy Corporation in November 2002. The West Fork Unit holds all or parts of the following lands in Washington County, Colorado:

Township 3 South, Range 55 West

- Sections 17, 18, 19, 20, 21, 22, 27, 28, 29 and 30

Township 3 South, Range 56 West

- Sections 24 and 25;

2. The Rancher owns surface lands and royalties within the lands held by West Fork Unit and receives royalty payments from the production of the West Fork Unit;

2. Fritzler operates the West Fork Unit # 17 located in the NWNW, Section 30, Township 3 South, Range 55 West;

3. Fritzler has maintained the management of the produced water from the West Fork Unit # 17, through the use of a constructed percolation/evaporation pit which was approved for transfer from Trinity Energy Corporation;

4. Rancher raises livestock;

5. Rancher has requested that Fritzler allow Rancher to use the produced water from the West Fork Unit # 17 for livestock watering;

6. Fritzler has tested the produced water and Rancher has determined that the produced water is suitable for livestock watering. Copies of the water analysis are attached hereto as Exhibit A; and

7. Fritzler has agreed to provide the produced water to Rancher for livestock watering.

NOW, THEREFORE, the parties agree as follows:

1. Delivery of Water. Fritzler agrees, subject to Rancher's compliance with the terms of this Agreement, to allow Rancher to use the produced water for livestock watering purposes only. Fritzler shall not be liable for any interruption or failure to provide water to Rancher and Rancher acknowledges and agrees that Fritzler is not required to provide any minimum quantity of water to Rancher.

2. Water Connection. At its sole cost and expense, Fritzler agrees to install an underground water line from the produced water pit to a stock tank or other water storage vessel to be provided by Rancher at his sole costs and expense. The water line shall be installed with a shut-off valve placed near the location of the produced water pit. Both Fritzler and Rancher shall have access to the shut-off valve. The stock tank or other water storage vessel shall have a storage capacity of no less than a combined capacity of 3000 gallons. The stock tank or other water storage vessel shall be located no more than 100 feet from the produced water pit (hereafter the "Maximum Distance"). If the stock tank or other water storage vessel is located greater than the Maximum Distance from the produced water pit, Rancher shall promptly reimburse Fritzler for all additional costs associated with the purchase and installation of the water line beyond the Maximum Distance. Fritzler shall obtain all permits and authorizations necessary for the installation of the water line. Rancher shall obtain all permits and authorizations necessary for the installation and use of the stock tank or other water storage vessel. Following installation of the water line, Rancher shall be fully responsible for the maintenance of the water line including any repairs or replacement unless damage to the water line is caused solely by the intentional acts or willful misconduct of Fritzler. Ownership, operation and maintenance of the stock tank or other water storage vessel shall at all times remain with Rancher. This Agreement shall not be construed to express or imply any easement on Rancher's property in favor of Fritzler.

3. Fritzler's Representations. Fritzler represents that it will apply to the Colorado Oil and Gas Conservation Commission for a beneficial use determination regarding the use of the produced water for livestock watering. Upon the Colorado Oil and Gas Conservation Commissions' approval, the parties agree to proceed with the installations described under paragraph 2, as applicable, promptly and diligently following the date of this Agreement, with a target date for work completion of **June 30, 2015**. In the event the Colorado Oil and Gas Conservation Commission restricts or imposes any conditions on the use of the produced water for livestock watering, such restrictions or conditions shall be automatically incorporated into this Agreement by reference.

4. Rancher's Representations. Rancher represents and warrants that Rancher will use the water delivered for livestock watering purposes only and not for any other purpose.

5. Release and Indemnification. Rancher hereby forever releases and discharges, Fritzler and its members, shareholders, officers, directors, principals, employees, attorneys, agents, contractors and the successors and assigns of each of them), collectively the "Released Parties," from any and all claims, actions, demands, liabilities, damages, fines, penalties, forfeitures, losses, costs (including the cost of compliance with any governmental order, investigation and/or response costs) and expenses (including attorneys' fees at trial, on appeal and in connection with any petition for review), whether or not known, suspected or claimed, collectively the "Claims," which the Rancher (or any individual or entity acting by or through the Rancher) has or may claim to have against the Released Parties arising out of or in any way related to the use of the produced water. In addition, Rancher hereby indemnifies and holds the Released Parties harmless from any Claims arising out of or related to the use of the produced water including, without limitation, (i) any actual or potential harm to livestock; (ii) any actual or threatened damage to the environment as a result of a release of the produced water from the water line, stock tank or other water storage vessel; (iii) injuries to, or death of, any person and/or (iv) any breach of Rancher's obligations under this Agreement. This release and indemnification shall forever survive the expiration or termination of this Agreement.

6. Term/Termination. This Agreement shall continue for so long as Fritzler operates oil and gas wells within the West Fork Unit and shall terminate if Fritzler permanently abandons the Lease. In addition, either party may terminate this Agreement upon fourteen (14) days written notice. Upon the expiration or termination of this Agreement, Rancher shall be solely responsible for removing the water line from the produced water pit to the stock tank or other water storage vessel and restoring the surface of the property. Rancher may re-use or dispose of the water line.

7. Resolution of Disputes. Should any dispute arise concerning any provisions of this Agreement, or the parties' rights and obligations thereunder, the parties shall meet and confer in an attempt to resolve the dispute. Prior to commencement of any legal action by either party, the party proposing such action shall provide to the other party 30 days' written notice of the intent to take such action: provided, that such notice shall not be required where a delay in commencing an action would prejudice the interests of the party that intends to file suit. During the 30-day notice period, the parties shall meet and confer in an attempt to resolve the dispute.

8. Relationship. This Agreement shall not be construed to create, either expressly or by implication, the relationship of agency or partnership between Fritzler and Rancher. Neither Fritzler nor Rancher are authorized to act on behalf of the other in any manner relating to the subject matter of this Agreement.

9. Counterparts/Electronic Signatures. This Agreement may be executed in one or more counterparts, each of which when taken together shall constitute one Agreement. Electronic signatures shall be considered to have the same binding legal effect as original signatures.

10. Effective Date. This Agreement is effective as of the date first written above.

11. Notices. Any notice given under this Agreement shall be in writing and will be deemed given (a) upon personal delivery, (b) upon fax delivery, (c) on the first business day after receipted delivery to a courier service which guarantees next-business-day delivery, or (d) on the third business day after mailing, by registered or certified United States mail, postage prepaid, in any case to the appropriate party at its address set forth below:

If to Fritzler:

Fritzler Resources, Inc.
P.O. Box 114
Fort Morgan, Colorado 80701
Attn: Gene Fritzler

If to Rancher:

Robert D. Gilbert
P.O. Box 206
Woodrow, Co 80757

Either Party may change such party's address for notices or copies of notices by giving notice to the other party in accordance with this paragraph.

12. Successors and Assigns. This Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

13. Entire Agreement; No Oral Modifications. This Agreement embodies the entire agreement between Fritzler and Rancher with respect to the subject matter hereof. No modification, waiver or amendment of this instrument or any of its conditions or provisions shall be binding upon a party unless in writing and signed by such party.

14. Severability. It is agreed that if any provisions of this Agreement shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provision of this Agreement and all such provisions shall remain in full force and effect.

15. No Waiver; Liens. Nothing in this Agreement shall constitute a waiver by Fritzler regarding Fritzler's respective rights, title and interests in and to the oil and gas in the West Fork Unit. Neither Rancher, nor any third party with whom Rancher contracts to perform any work under this Agreement, shall suffer or permit any mechanic's lien, or other lien, to be filed against the West Fork Unit # 17, any other oil or gas well drilled by Fritzler in the West Fork Unit and/or Fritzler's interests in the Lease, by reason of work, labor, services or materials supplied.

16. Governing Law. This Agreement shall be governed by the laws of the State of Colorado without giving effect to the principles of conflicts of law.

EXECUTED AND AGREED TO BY THE PARTIES ON THE DATE SET FORTH ABOVE:

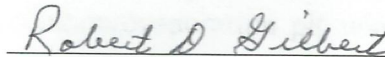
Fritzler Resources, Inc.

By: 

Gene Fritzler

Title: Vice-President

Rancher



Robert Gilbert