

CUB CREEK ENERGY ACCESS ROAD
REVOCABLE PERMIT AND AGREEMENT

THIS REVOCABLE PERMIT AND AGREEMENT (“Agreement”) is made this 23rd day of May, 2018, by and between Cub Creek Energy, LLC, whose mailing address is 200 Plaza Drive, Suite 100, Highlands Ranch, Colorado 80129 (“Grantee”), and the City of Longmont, Colorado, a municipal corporation, (“Grantor” or “City”), whose mailing address is 350 Kimbark Street, Longmont, Colorado 80501.

FOR GOOD AND VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the parties agree as follows:

1. Grantor by this Agreement does grant, sell, convey and confirm to the Grantee, its successors and assigns, a temporary non-exclusive permit (“Permit”) to use the land described in Exhibit 1 (“Premises”), attached hereto and incorporated herein by this reference, located in Weld County, Colorado, for the purposes of:

- 1.1 Surveying, locating, installing, constructing, using, operating, maintaining, inspecting, repairing, altering, removing and replacing a gravel road no wider than 30 feet (“Road”), except Grantee shall be allowed to use Grantor’s adjacent lands to the Road (i) as reasonably necessary to provide a safe turn-off at the intersection of the Road and Weld County Road 3, and (ii) within 20 feet of the Road as reasonably necessary during the construction of the Road (as generally illustrated in Exhibit 1);
- 1.2 Ingress and egress along the Road (i) to access any and all oil and/or gas wells and associated facilities to be located on that certain tract of land described as Parcel 1, Subdivision Exception No. 638, being a part of the East ½ of the West ½ of the Northeast ¼ of Section 30, Township 3 North, Range 68 West of the 6th P.M., Weld County, Colorado per map recorded June 16, 1997 in book 1611 as Reception No. 2553235, and adjacent lands (“Knight Property”); and (ii) for the conduct of operations for or in any way associated with the drilling, completing, re-completing, reworking, operating, producing and marketing of oil and/or gas wells located on the Knight Property; and;
- 1.3 Marking the location of the Premises, and any improvements, by suitable markers set and maintained in the ground at locations which shall not interfere with such reasonable use as Grantor shall make of the Premises under the terms of this Agreement.

2. Grantor, at its sole risk and liability, except to the extent of Grantee’s negligence, reserves the right to use and occupy the Premises for any lawful purpose under the rights and privileges granted herein which will not interfere with or endanger any of the Grantee's rights or improvements on or under the Premises or Grantee's use thereof, provided that Grantor shall not construct or allow the construction of any building, structure, or other improvement on or under the Premises, or take any action which would impair or in any way modify the improvements or

lateral or subjacent support for the improvements, without obtaining the specific written permission of the Grantee for the Premises.

3. Grantee takes the Premises “as is,” and the Grantor makes no covenant as to maintenance of the Premises.

4. This Permit to use the Premises shall terminate at the earliest of: (1) twenty years from the effective date of this Agreement, or (2) for cause, in the City’s discretion, at or after such time as the Grantee violates any provision of this Agreement and fails to cure such violation within 30 days’ notice of the violation by the Grantor, or for the reason described in section 8(d) of the Site Relinquishment Agreement as referenced below. Should the City terminate the Permit to use the land for cause, other terms of this Agreement shall survive the Permit itself. The Grantor recognizes that Grantee requires access to the Knight oil and gas location for the life of the wells to be located thereon, and intends to renegotiate with the Grantee in good faith for extension of the Permit should it otherwise terminate after twenty years.

5. Further Access Conditions.

a. Grantee shall ensure that the disturbed area caused by its operations on the Knight Property has an adequate storm water management plan, meeting the requirements of the governing authority, to prevent impacts to the nearby City property.

b. Grantee shall use dust abatement product on the Road. This is typically a semi-annual application.

c. Grantee shall gate the Road if requested by the City. Grantee is solely responsible for securing this gate and shall provide the City with a key or combination to the lock. Grantee is responsible for controlling access to the Road by its guests.

d. Grantee shall conduct operations on the Knight Property as a prudent operator to insure safe operations in the instance of any abnormal situation.

e. For the purposes of detecting fugitive emissions in excess of those allowed by state law and regulations, Grantee shall conduct FLIR (Forward Looking Infrared Camera) inspection of the location as required by the terms of the rules and regulations of the Colorado Oil and Gas Conservation Corporation Commission.

f. All operations on the Knight Property shall be conducted by Grantee subject to the rules and regulations of the Colorado Oil and Gas Conservation Corporation Commission, and shall be in accordance with best management practices at the time of installation.

g. Grantee shall perform maintenance on the Road as necessary for the Road to be used by Grantee.

6. Grantee shall submit adequate engineering plans for the Road, including drainage plans and any necessary surveying, which meet the City’s design specifications. The minimum full depth thickness shall be six (6) inches of class six (6) aggregate base course placed on compacted

subgrade. Grantee shall not begin construction of the Road until the City's Public Works and Natural Resources General Manager has approved such plans in writing, which approval shall not be unreasonably withheld or delayed.

7. This Permit being non-exclusive, the City may use the Road, at its own risk, provided that the City shall be responsible for and repair any damage it causes except to the extent that any damage resulted from Grantee's negligence.

8. Grantee shall obtain the required permits for the drilling of the oil and gas wells on Knight Property before installing and constructing the Road.

9. Grantee agrees to indemnify and hold harmless Grantor and its officers and employees from any and all suits, claims, damages, liability or court awards, including costs and attorney fees that are or may be awarded as a result of any loss, injury or damage sustained or claimed to have been sustained by anyone including but not limited to any person, firm, partnership or corporation in connection with or arising from Grantee's use, maintenance, and operation of the Premises and any and all of its improvements installed thereon.

10. Grantee may not transfer its rights under this Agreement without prior written approval of the Grantor, which shall not be unreasonably withheld.

11. No representations, warranties, or certifications express or implied shall exist as between the parties, except as specially stated in this Agreement.

12. The provisions of this Agreement shall be construed as to their fair meaning, and not for or against any party based upon any attribution to such party of the source of the language in question.

13. None of the terms or conditions in this Agreement shall give or allow any claim, benefit, or right of action by any third person not a party hereto. Any person other than the Grantee or the Grantor receiving services or benefits under this Agreement shall be only an incidental beneficiary.

14. This Agreement shall be governed and construed in accordance with the laws of the State of Colorado.

15. This Agreement is an integration of the entire understanding of the parties with respect to the matters stated herein. The parties shall only amend this Agreement in writing with the proper official signatures attached hereto.

16. No waiver of any breach or default under this Agreement shall be a waiver of any other or subsequent breach or default.

17. The parties warrant that they have taken all actions necessary or required by their own procedures, bylaws, or applicable law, to authorize their respective signatories to sign this Agreement for them and to bind them to its terms.

18. All City's financial obligations under this Permit are contingent upon appropriation, budgeting, and availability of specific funds to discharge those obligations. Nothing in this Permit

constitutes a debt, a direct or indirect multiple fiscal year financial obligation, a pledge of the City's credit, or a payment guarantee by the City to the Grantee.

19. This Agreement is subject to the terms of the certain Site Relinquishment and Lease Agreement dated effective May 23, 2018 by and between City of Longmont, Cub Creek Energy, LLC, CCW Energy, LLC and TOP Operating Co ("Site Relinquishment Agreement").

IN WITNESS WHEREOF, the parties have executed this Easement Agreement as of the date first above written.

GRANTEE:

CUB CREEK ENERGY, LLC

By: Scott B. Baily

Title: President

State of Colorado)
) ss:
County of Douglas)

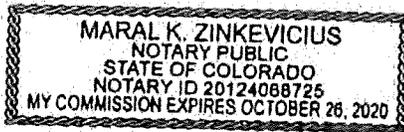
The foregoing instrument was acknowledged before me by Scott B. Baily,
(Name of party signing)

as President of Cub Creek Energy, LLC
(Title of party signing) (Name of corporation)

a Colorado limited liability company ~~corporation~~, on behalf of the ^{company} ~~corporation~~, this 30th
(State of incorporation)

day of April, 2018.

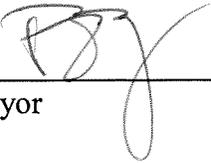
Witness my hand and official seal.



[Signature]
Notary Public

My Commission expires October 26, 2020

CITY OF LONGMONT, a municipal corporation



Mayor

Approved as to Form:



Assistant City Attorney

4/30/18

Date



Proofread

4/30/18

Date

Approved as to Content:



Originating Department

5/2/2018

Date

CA File: 10610

State of Colorado)
) ss:
County of Boulder)

I attest that the foregoing instrument was acknowledged before me this 23rd day of May 2017, by Brian J. Bagley, as the Mayor of the City of Longmont.

Witness my hand and official seal.



CITY CLERK

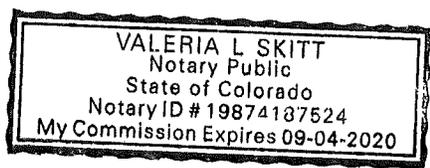
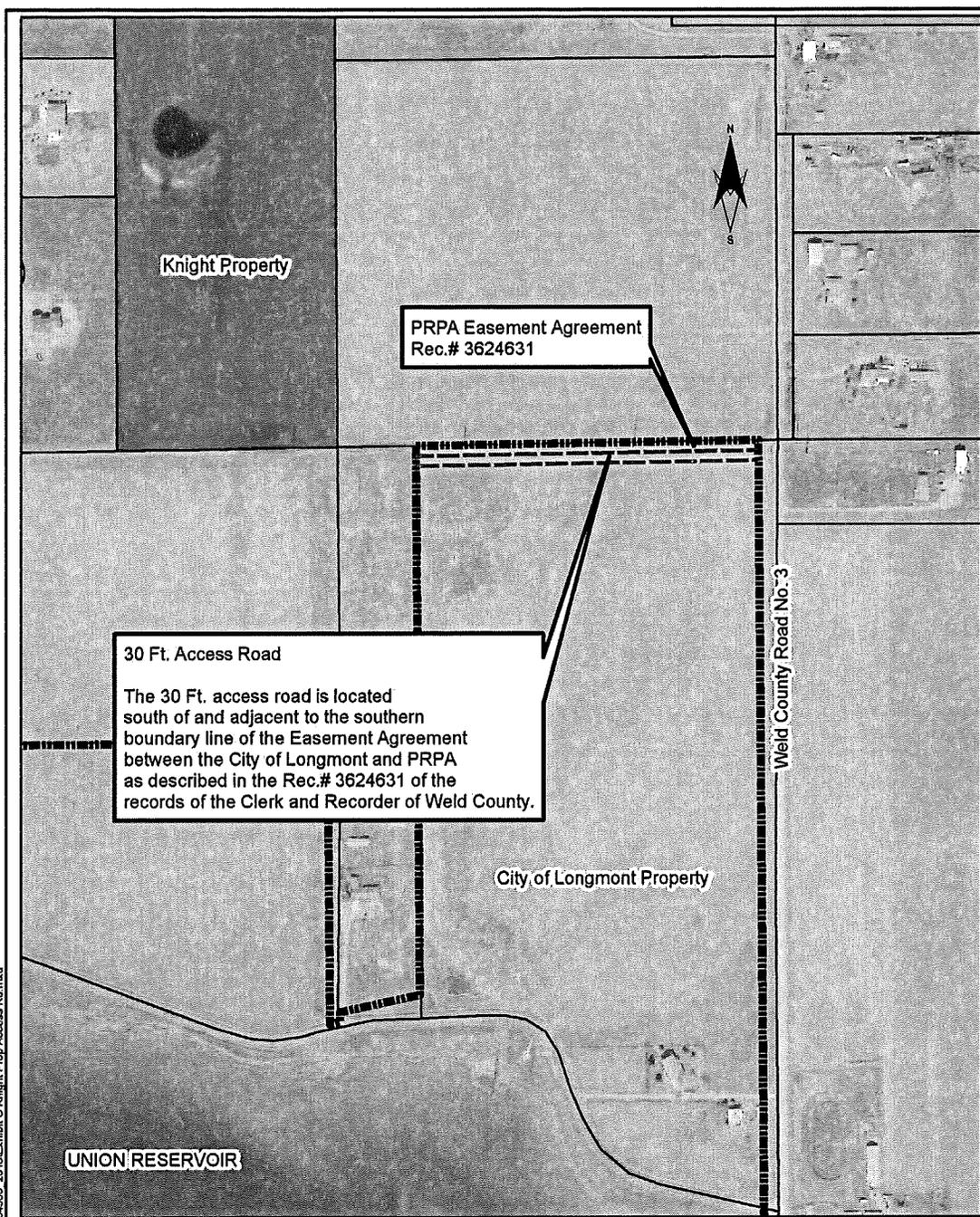
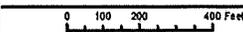


EXHIBIT 1



Path: I:\Projects\PW0545 Oil & Gas\054500_2018\Exhibit C Knight Prop Access Rd.mxd

Print Date: 4/27/2018	Exhibit 1 Knight Property Access Road	Project No. PW0545	Year 2018
Name: Exhibit C Knight Prop Access Rd		Designer:	
Revisions:	 CITY of LONGMONT 385 Kimbark Street Longmont, Co. 80501 Phone: 303-651-8304 FAX: 303-651-8352	Detailer: A. Meslas	
Vert. Scale: As Noted		Subset Sheet:	
Horiz. Scale: 1 Inch = 400 feet		Sheet Number: 1	
		PUBLIC WORKS & NATURAL RESOURCES DEPT.	