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November 4, 2020

Via Email and U.S. Mail

Denise Arthur
Reclamation Supervisor
Colorado Oil and Gas Conservation Commission
1120 Lincoln Street, Suite 801
Denver, Colorado 80203

Re: Request for Closure
Location ID: 312503
Location Name: Bradshaw-Dolley
Name of Former Well on Location: Bradshaw-Dolley 36-3
(API No. 05-077-08401)
Legal Description: Township 9 South, Range 95 West, Section 36:
NE/4SW/4
County: Mesa County, Colorado

Dear Dr. Arthur,

Our firm represents Laramie Energy, LLC, Operator No. 10433. Laramie Energy has asked our firm to advise it on this matter due to the legal issues associated with this surface location.

By way of background, Laramie Energy has been communicating with the Colorado Oil and Gas Conservation Commission ("COGCC") about requests from the COGCC asking it to undertake additional reclamation and other work on the Bradshaw-Dolley surface location operated by OXY USA Inc. ("OXY"), Operator No. 66561. OXY is the operator of record of both the well and the surface location.

COGCC and other records reveal that, in 2011, OXY plugged and abandoned the Bradshaw-Dolley 36-3 well. In 2012, OXY entered into a surface owner variance request ("SOVR") agreement attached as Ex. A with one of the then-surface owners requiring, among other things, that OXY further level and improve the well pad, do further work on the site and also leave in place other improvements for future surface owner use. OXY thereafter confirmed to the COGCC that all remaining surface equipment had been removed. A contemporaneous photo submitted to the COGCC reveals that the access road and well pad were in good condition in 2012 and adjacent vegetation was healthy and abundant.

Records subsequently filed with the COGCC reveal that no oil and gas operations have been conducted on the former oil and gas surface location since 2012. Instead, as was their right as fee owners, and as contemplated by the SOVR agreement with OXY, the surface owners

of record began using the former well pad and adjacent acreage for their own purposes. A large metal barn, a smaller storage shed and, it appears, a large wooden privacy fence were constructed. Photos and other filings made with the COGCC also depict and report that the surface owners have used the surface location, probably extensively at times, for livestock and grazing purposes as well as for the storage of hay, vehicles, trailers and other equipment and debris. All of these subsequent uses have, it appears, materially altered the surface lands and damaged vegetation since 2012.

The COGCC is now asking Laramie Energy to perform more work on the OXY surface location. This request is inconsistent with the law for the following reasons, among others:

1. C.R.S. § 34-60-103(6.8) defines an operator as “any person who exercises the right to control the conduct of oil and gas operations.” Laramie Energy has never conducted oil and gas operations at this surface location. Nor does it have any plans to do so. As a result, Laramie Energy has never been an operator of this surface location and the COGCC may not compel it to register as an operator and act as one now with respect to the surface estate. Any obligation to perform further reclamation on these surface lands remains with OXY, the operator of record for this surface location. OXY is the company that last conducted oil and gas operations at this site in 2012. While OXY may qualify as a responsible party as defined in C.R.S. 34-60-124 (8), Laramie Energy does not.

2. Even if the COGCC had the legal authority to compel Laramie Energy to act as an operator for purposes of the Oil and Gas Conservation Act, Laramie Energy has no present legal right to access, enter or alter the Bradshaw-Dolley surface location pursuant to its oil and gas lease. As explained below, effective November 1, 2015, OXY did assign an oil and gas lease to the minerals underlying this surface location to Laramie Energy together with the plugged and abandoned Bradshaw-Dolley wellbore. But the oil and gas lease only permits Laramie Energy to enter upon and use this surface estate for the purposes of exploring for, producing, transporting or selling oil and gas. As noted above, Laramie Energy has never undertaken any of these activities on these lands and has no plans to conduct any operations of these types. Nor is any further work required on the plugged and abandoned wellbore now owed by Laramie Energy. As a result, Laramie Energy has no present right to access or enter these lands pursuant to its oil and gas lease, let alone some right to alter them or interfere with existing surface uses.

3. A similar situation exists with respect to a prior Surface Use, Access and Right-of-Way Agreement dated July 18, 2006, entered into by the then-surface owners and a different, earlier entity also called Laramie Energy, LLC, an agreement that was subsequently assigned to OXY USA, Inc. and then re-assigned back to the new version of Laramie Energy effective November 1, 2020. Attached as Ex. B, this Surface Use, Access and Right-of-Way Agreement was recorded in the records of Mesa County on August 21, 2006 at Reception No. 2333962. This agreement also permits access and use of the surface for oil and gas operations, which on this property ended in 2012. It follows that Laramie Energy has no present right to access or enter these lands pursuant to the now expired Surface Use, Access and Right-of-Way Agreement dated July 18, 2006.

4. Laramie Energy is not a party to the SOVR agreement entered into in 2012 by OXY and one of the then-surface owners. This contract is personal between OXY and the then-surface owner. Nothing in this SOVR agreement discusses successors and assigns, and nothing of record suggests the then-surface owner, let alone the present surface owner of record, who apparently died in 2018, has consented to Laramie Energy replacing OXY as a contracting party responsible for keeping OXY's promises made in the SOVR agreement. As a result, Laramie Energy has no right under the SOVR agreement to enter these lands, perform further reclamation or otherwise interfere with existing surface uses.

5. The COGCC no longer has jurisdiction over this surface location. No oil and gas operations as defined in C.R.S. § 34-60-103(6.5) have taken place at this location since 2012. As discussed below, the COGCC inspected the plugged and abandoned well and the corresponding surface location in 2011. The inspector deemed OXY's work to be satisfactory but also asked OXY to undertake additional tasks completed by OXY by May 31, 2012. Since May 31, 2012, the fee owners, as was their right under the law, have constructed new structures on the former well pad, grazed and housed livestock on the site and have used the lands for other purposes, including the storage of hay, vehicles, trailers, other equipment and debris. C.R.S. § 34-60-103(1)(a) does vest the COGCC with "jurisdiction over all persons and property, public and private," but only to enforce Article 60, the Oil and Gas Conservation Act. Oil and gas operations at this site ceased eight years ago. Compelling Laramie Energy, a company that has never conducted oil and gas operations at this site, to now enter these lands, destroy or alter improvements made by the surface owners and otherwise interfere with the chosen use by the fee owners of their private property would violate principles of due process as well as the Oil and Gas Conservation Act.

6. Mesa County has now supplanted the COGCC as the arm of government with regulatory authority over this site and Mesa County's jurisdiction is now exclusive. As discussed in *Board of County Commissioners v. Bowen/Edwards Assoc., Inc.*, 830 P.2d 1045, 1056 (Colo. 1992), the Local Government Land Use Control Enabling Act vests local governments, including counties, with broad authority to regulate "the orderly use of land and the protection of the environment consistent with constitutional rights." Since oil and gas operations ceased at this location eight years, it is now the responsibility of Mesa County to regulate the fee owner's new structures, the housing and grazing of livestock and the storage of hay, vehicles, equipment and debris. To the extent these new uses by the fee owners threaten the environment or constitute nuisances, jurisdiction to address these issues rests with Mesa County or adjoining neighbors.

7. The COGCC has also asked Laramie Energy to remove a pipeline riser and pipeline on the property. Following investigation Laramie Energy now believes this riser is associated with a one inch gas line owned by Black Hills Energy and apparently regulated by the Colorado Public Utilities Commission. Laramie Energy has no legal right to remove, damage or destroy this riser. Jurisdiction to address this issue lies with the PUC, not the COGCC.

8. Finally, when investigating this matter, Laramie Energy has discovered that the present surface owner of record, Tiffani Lynn Kennon, appears to have died in 2018. Laramie

Energy has no legal relationship with the person it now understands to be her personal representative and no right to compel the personal representative to cooperate with those reclamation matters requested by the COGCC. Laramie Energy has very recently contacted this person. The personal representative reports that this property and a nearby residence may soon be sold to a third party.

The following facts support these legal conclusions.

Timeline of Key Events and Surface Owner Agreement

- 10-13-2011 – The Bradshaw-Dolley 36-3 well was plugged and abandoned by the last operator of that well, OXY USA Inc. (“OXY”), Operator No. 66561.
- 10-13-2011 – The COGCC, through inspector Chuck Browning, issued a Field Inspection Form (Doc. No. 659300025). The “Overall Inspection” was graded as “Satisfactory.” But a Corrective Action also was issued directing OXY to remove a tank and separator by different dates in late spring 2012.
- 11-14-2011 – OXY filed a supplemental Form 6 Well Abandonment Report (Doc. No. 400223416) with various other attachments, some of which were subsequently submitted. The Well Abandonment Report was approved by COGCC on December 28, 2011.
- 4-19-2012 – OXY and one of the former owners of the surface estate, Cory Claussen, signed a Reclamation Letter Agreement in which Claussen accepted and agreed to OXY’s proposal to complete reclamation of the surface location by “dress[ing] the pad surface,” removing “a variety of piping, debris, scrap and some concrete slabs,” leveling the surface grade of the pad and leaving in place a large earthen berm and a “sound fence” of trees on the east side of the surface location.

The parties stated in the SOVR agreement attached as Ex. A that this plan was intended to “allow the pad and surrounding area to remain viable, retain the established vegetation and provide a beneficial site for surface owner use.”

Years later, in its posted *COGCC Operator Guidance Rule 1001.c. Surface Owner Waiver for Final Reclamation* document, as amended, COGCC staff explained that such agreements were consistent with state policy. One of the examples of SOVR requests the COGCC will approve per the Guidance is the following:

- “SOVR from portions of Rule 1004.a., re-grading and re-contouring. Surface owner requests that part of location remain

flat to be used for hay management facility including storage and transport operations. The remaining areas will be regraded, re-contoured, and seeded with a seed mixture provided by surface owner or the NRCS and will meet with 80% of a reference area standard.”

Id. (last updated December 17, 2019).

- 5-31-2012 – OXY submitted a response letter to the COGCC Field Inspection Form (Doc. No. 659300025). The letter enclosed a photo. As explained in the letter, the photo demonstrated that “the specified unused equipment (vertical separator and tank)” identified in the Correction Action listed in Doc. No. 659300025 had “been removed.”

The submitted photo also is very instructive for purposes of this letter. The photo depicts the improved access road and the relatively small improved, graded gravel pad area free of improvements, weeds and debris. The access road and well pad are surrounded by healthy, abundant and well-developed vegetation. Several healthy trees are visible.

The site as depicted in the photo is completely consistent with the conclusion reached by Mr. Browning in the Field Inspection Form when he deemed his inspection of the surface location, access road and well pad to be satisfactory. Notably, Mr. Browning did not identify anything else OXY needed to do on the site aside from removal of the vertical separator and tank that were still on-site on October 13, 2011.

- 5-8-2014 – Surface owners Cricket Claussen and Cory Claussen conveyed the surface estate to Tiffani Lynn Kennon by way of a Warranty Deed recorded on May 9, 2014, at Reception No. 2689310 in the records of Mesa County. *See Ex. C.*

The metes and bounds legal description included as with the Warranty Deed includes the Bradshaw-Dolley surface location.

- 7-9-2015 – OXY filed a Form 4 Sundry Notice (Doc. No. 400864273). The date is not inserted next to the printed name of the person who submitted the form in the copy of this document in the possession of Laramie Energy. Text in the General Comments section explains the Reclamation Group opened tasks for this matter on July 9, 2015, so it is assumed the Form 4 was submitted on or about July 9, 2015.

Comments submitted by OXY on page 3 of 4 state the following:

“OXY USA Inc. (OXY) is requesting approval of a 502.b variance for final reclamation as outlined in Rule 1001.c., surface owner waiver of 1001-Series Rules for the Bradshaw-Dolley 36-3, location #312503. . . .

“The one well drilled on this pad, the Bradshaw Dolley 36-3, 05-077-08401, was plugged and abandoned on October 31, 2011.”

“On April 9, 2012, a letter (attached) was signed by the surface owners indicating that OXY would dress the pad surface and level the surface grade of the pad; this work was completed. However, no paperwork was submitted for final reclamation of the location.”

“On May 7, 2014, the land was sold and a barn was constructed where the pad was previously located. As can be seen in the attached photos, the berm and sound wall remain. The current owner utilizes the area for livestock pasture and storage of materials and farm equipment.”

A box on the Form 4 above these comments is checked for “Report of Work Done” and “07/01/15” is inserted for Date Work Completed.

As above, the photos dated July 1, 2015, submitted with the Form 4 speak volumes.

The surface location appears very, very different from the way it appeared in the 2012 photo. The area of disturbance is much, much larger. Less vegetation is present. Ground cover is much sparser.

But what the photos also depict is perfectly consistent with what OXY also reports: the former improved well pad area left in place at surface owner request, as well as adjacent areas next to the new barn, have been used since 2012 as livestock pasture and trampled and otherwise denuded by livestock and the use of motor vehicles, as evidence of tire tracks are present in the photos.

The photos also depict a large metal building that I assume to be the barn described by OXY. A section of portable livestock fencing is leaned against the barn. A large 4-wheel flat-bed trailer with a fifth wheeler hitch is parked next to the barn. In the bed of the trailer are a large truck tire and other items. What appears to be wood and other debris is scattered across the ground near the trailer and the barn.

Another photo taken from a different angle once again shows the same trailer and a portion of the same barn. Notably, however, the photo also shows a lengthy tall wooden fence atop what appears to be a berm. This wooden fence was not visible in the 2012 photo.

A third site photo depicts a second, smaller building on the site that appears to be a storage shed. Next to this new storage shed is a small trailer, perhaps for hauling water, as well as what appears to be additional stacked portable livestock fencing. Once again other items and debris are scattered on the ground near this second building. To the right in the distance in the same photo are what appear to be stacked hay bales, some covered with a tarp. In the center of the photo is what appears to be a large pickup truck. I cannot tell from the photo whether it is a fifth wheel pickup. As noted above, the photo also depicts evidence of many tire tracks and ruts leading to this second storage building and the hay storage area.

These photos demonstrate that, after OXY dressed and left in place the improved former well pad area at surface owner request in 2011 or 2012, a well pad and adjoining surface location that during the same time frame passed a COGCC inspection, one or both of the surface owners thereafter, as contemplated by the 2012 written agreement with OXY, had begun extensively using the surface location, including the well pad area left in place at surface owner request. Among other things: (1) a new barn, a second storage structure and apparently a new tall wooden fence had been constructed and were being used; (2) hay had been hauled to the location and stored on the site and was presumably being delivered, stacked and later loaded and redistributed to livestock, presumably with large vehicles and other motorized lifts and equipment; (3) trailers, another vehicle, portable fencing and other miscellaneous equipment and debris had been brought to the site for storage or use in connection with the new buildings, livestock or for other purposes; and (4) livestock had grazed and been housed at times in the newly constructed barn on the site and on the former well pad and surface location.

1-12-2016 – In early 2016, the COGCC returned the 2015 Form 4 Sundry Notice to OXY. Laramie Energy is not aware of what was communicated by OXY or COGCC at this time, aside from the following additional COGCC “requirements” noted on the Form: (1) a cover letter to the Director had not been submitted, as required, presumably, for the variance request; (2) an agreement with the current landowner had not been submitted; (3) additional final reclamation consultation was required; and (4) a more detailed assessment of public health, safety and welfare impacts was required.

3-8-16 Laramie Energy recorded a Deed of Conveyance and Assignment and Bill of Sale (the “Deed”) at Reception No. 2753359 in the records of Mesa County. Effective as of a prior date, November 1, 2015, the Deed conveyed from OXY to Laramie Energy, among other things, an oil and

gas lease entered into in 1979 to develop oil and gas from beneath the Bradshaw-Dolley surface location and from other nearby lands.

At the time Laramie Energy acquired this 1979 oil and gas lease from OXY, the oil and gas lease was in its secondary term due to ongoing production from other wells. The 1979 oil and gas lease continues to be held today by production from other wells.

A schedule associated with this transaction lists the Bradshaw-Dolley 36-3 well as one of the wells being conveyed by OXY to Laramie Energy effective November 1, 2015. As discussed above, the Bradshaw-Dolley 36-3 well had been successfully plugged and abandoned by OXY in 2011 and all surface equipment had been removed by May 31, 2012. It follows that the only asset conveyed by OXY to Laramie Energy effective November 1, 2015 associated with the “Bradshaw-Dolley 36-3 well,” as opposed to the oil and gas lease, was the plugged and abandoned downhole wellbore.

As discussed above, as a part of this transaction Laramie Energy also acquired the Surface Use, Access and Right-of-Way Agreement dated July 18, 2006. But this agreement also was limited to rights of access and use associated with ongoing oil and gas operations, which ended in 2012, and the SOVR agreement also executed in 2012 effectively amended it with respect to reclamation requirements.

As a result, Laramie Energy did not acquire any rights from OXY effective November 1, 2015, upon which it may indisputably rely today to access or use the surface location because the wellbore had been properly plugged and abandoned in 2011, all surface equipment had been removed by May 31, 2012, all oil and gas operations on the surface location had ceased on or before May 31, 2012, and no oil and gas operations from this surface location were ongoing in 2015 or 2016.

- 11-22-2016 – See the entry below for November 19, 2018. Laramie Energy has in its possession a copy of the Form 4 submitted by OXY on or about July 15, 2015, that, at the bottom of each page, states as follows: “*Date Run: 11/14/2016 [#400864273]*.” At present, Laramie Energy has no further information about the matters discussed by Ms. Colby below about Laramie Energy requesting a withdrawal of this Form 4.
- 11-19-2018 – The COGCC, through inspector Lou Colby, conducted a follow up inspection of the Bradshaw-Dolley surface location. The Field Inspection Form (Doc. No. 692400391) includes the following helpful notes inserted in the General Comments section:

“This is a Reclamation focused Inspection. Inspection was prompted by a Variance Request[,] Doc. #400864273, submitted in 2015 & withdrawn 11/22/16 at Operator request per Form 4 Comments [stating as follows:] ‘Laramie cannot Assess forms that were pushed back to Draft to OXY. They (Laramie) will resubmit using New Guidance Doc.’ Well & Location do not have Form 10s on File changing Operator to Laramie. New Variance Request has not been submitted by Laramie.”

“In discussion [on November 26, 2018], Operator, Laramie, verbally took responsibility for Location and indicated they would research [and] pursue documentation needed to resolve ownership of Location and follow up on submittal of [Rule] 502b Variance Request. Inspection is being sent to Operator of record, OXY USA Inc. [and] Laramie Energy.”

Photos posted with the Field Inspection Form depict portions of the fence, barn and storage shed. Debris again appears near the barn and across the site.

Three Corrective Actions were discussed in the Field Inspection Form: (1) a requirement that a riser be removed; (2) a requirement that another Rule 502.b Variance Request be submitted; and (3) a weed control program be developed to control noxious weeds.

3-16-2020 – Laramie Energy filed a FIR Resolution Form (Doc. No. 692400391). The Form lists the three Corrective Actions discussed in the Field Inspection Form issued on November 19, 2018. For its part, text inserted by Laramie Energy indicates “CA Completed” and “03-13-2020” as the date of completion. The COGCC decision is listed as “Approved pending re-inspection.” Submitted with the request was a photo of the site apparently taken from a nearby road. In the foreground of the photo is a fence and what appears to be the gate leading to the access road and former well pad.

10-26-2020 – Follow up investigation by Laramie Energy confirms several other important facts.

First, Laramie’s Environmental Manager has confirmed that he is unaware of any access or use of the surface location by Laramie Energy since it acquired the oil and gas lease and wellbore in 2016, effective November 1, 2015.

Second, Laramie Energy has no present plans to conduct any future oil and gas operations of any kind from the surface location.

Third, further investigation has revealed that the riser discussed in Corrective Action No. 1 in the COGCC’s November 19, 2018, inspection

appears to be a one inch gas line owned by Black Hills Energy. Per the Black Hills website, <https://www.blackhillscorp.com/sourcegas>, “[o]n February 12, 2016, [Black Hills] completed our purchase of SourceGas, a natural gas utility serving approximately 429,000 customers in Arkansas, Colorado, Nebraska and Wyoming. SourceGas also owned a 512-mile regulated intrastate natural gas transmission pipeline in Colorado.”

Fourth, Laramie Energy has learned that the present surface owner of record per the county records of Mesa County, Tiffani Lynn Kennon, died in 2018. As noted above, Laramie Energy has no legal relationship with the person it now understands to be her personal representative and no right to compel the personal representative to cooperate with those reclamation matters requested by the COGCC. Laramie Energy has very recently contacted this person. The personal representative reports that this property and a nearby residence may soon be sold to a third party.

This timeline demonstrates Laramie Energy has fully cooperated with the COGCC during the past two years by assisting in a further inspection and investigation. For the reasons discussed above, Laramie Energy lacks the legal authority to do more. It has never sought to produce oil and gas from this surface location and is not seeking to do so at this time. Laramie Energy does not have an express or an implied present right pursuant to a contract or other law to access the surface, let alone a right to alter or damage the surface in any way that would impair or alter the vested rights, improvements and use of the surface now being made by the fee owner. Nor does it have any legal authority to compel the fee owner to enter into a new SOVR agreement of the type contemplated by the COGCC’s variance request rules and guidance.

Moreover, for very similar reasons, the jurisdiction of the COGCC over this surface location has ended. No oil and gas operations have been conducted on the site for eight years. It is now the responsibility of local government to assess whether the present uses of the surface are consistent with its land use codes. If they are, the surface owner has a protected legal right to continue these surface uses unless some nuisance exists. Only the local government or impacted neighbors have the right to seek redress for nuisances. Neither Laramie Energy nor the COGCC has a present right to further interfere with the ongoing exercise of the surface owner’s property rights or redress any nuisances, should they exist.

For these reasons, please issue a decision document releasing Laramie Energy from all further responsibility for reclaiming or performing any other work on this surface location.

Denise Arthur
November 4, 2020
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Please contact me with any questions. We are very willing to meet or confer with you to discuss this matter further. We look forward to a response and to bringing this matter to a close.

Very truly yours,



David R. Little

DRL/kaf
Enclosures

cc w/enclosures: Mike Leonard, COGCC
Joel Minor, Assistant Attorney General



OXY USA WTP LP
760 Horizon Drive, Suite 101
Grand Junction, CO 81506

April 9, 2012

Mr. Cory Claussen
15223 59 ½ Road
Collbran, Colorado 81624

Re: Letter Agreement
Reclamation - Bradshaw Dolley Well 36-3
Section 36, Township 9 South, Range 95 West, 6th P.M.

Dear Mr. Claussen:

Hope this finds all well.

Our findings indicate that you are the current surface owner (joint owner - Cricket Claussen) per the mentioned reference.

Subject to that Oil & Gas Lease, dated June 26, 1979, Robert C. Dolley; whereas, OXY USA WTP LP (OXY), as the current Operator, has plugged & abandoned the Bradshaw Dolley Well 36-3 in compliance with governing statutes. However, the stated Oil & Gas Lease doesn't require any direct obligation to the surface owner to reclaim the surface site, but as a prudent operator we are committed to address the care-take of the land subject to governing entities.

The site area is generally covered in gravel and a few well established shrubs and trees, along with various vegetated cut and fill slopes. In addition, there is a tree "sound fence" on the east side of the pad location and a large earthen berm. We propose to dress the pad surface (remove a variety of piping, debris, scrap and some concrete slabs, leave the berm and the sound fence), and level the surface grade of the pad. This will action, if agreed will allow the pad and surrounding area to remain viable, retain the established vegetation, and provide a beneficial site for surface owner use.

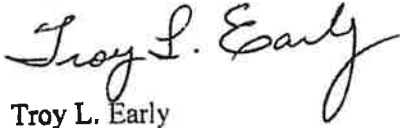
Again, if you agree with the proposed action, please executed on the appropriate space provided below and return one (1) of the enclosed duplicate Letter Agreement to my attention at OXY, 760 Horizon Drive, Suite 101, Grand Junction, CO 81506. Retain the second Letter for your records.

(Note: If you don't agree with the actions set out in this Letter Agreement, please indicate by hand-writing "I don't agree at the bottom of the page" and returning to my attention as indicating herein above.

If you have any questions, please feel free to contact me at (970) 263-3630 or write to my attention or via email at troy_early@oxy.com.


Letter Agreement
Reclamation - Bradshaw Dolley Well 36-3
Page 2, April 9, 2012

Respectfully,



Troy L. Early
Sr. Landman Advisor
OXY USA Inc./Occidental Permian Ltd.
OXY USA WTP LP

I/WE Acknowledge and Agree and this 19th day of April month, 2012.

Signature: 

Printed Name: CORY CLAUSSEN

Title: OWNER

BK 4231 PG 61

2333962 BK 4231 PG 61-64
08/21/2006 04:58 PM
Janice Ward CLK&REC Mesa County, CO
RecFee \$20.00 SurChg \$1.00
NO FEE EXEMPT

SURFACE USE, ACCESS AND RIGHT-OF-WAY AGREEMENT

THIS AGREEMENT made and entered into on this 18th day of July, 2006, (the "Agreement") by and between Cory Claussen and Cricket Claussen, whose legal address is 15223 59 1/2 Road, Collbran, CO 81624, ("Owner") and Laramie Energy LLC ("Laramie"), whose address is 1512 Larimer Street, Suite 1000, Denver, CO 80202.

RECITALS

WHEREAS, Owner is in the process of purchasing the surface to the following described property located in Mesa County, Colorado:

Township 9 South, Range 95 West, 6th P.M.

Section 36: A parcel of land of approximately 38 acres located in the SW 1/4 of Section 36, Township 9 South, Range 95 West of the 6th Principal Meridian, being more particularly described as follows: Beginning at a point on the South boundary of Section 36, Township 9 South, Range 95 West of the 6th Principal Meridian from which the South Quarter corner of said Section 36 bears North 89°27'30" East for 1417.47 feet; thence North 48°01'19" East for 1654.72 feet to a point (centerline of Grove Creek Road) on a curve to the left from whence the radius point thereof bears South 60°21'40" West for 1039.81 feet; thence along the arc of said curve for 590.92 feet to the point of tangency; thence North 62°12' West for 427.36 feet to a point in centerline of Grove Creek Road; thence south 46°36'26" West along fence for 1389.86 feet to the centerline of Grove Creek; thence Southeasterly along Grove Creek to a point where it intersects the South Boundary of said Section boundary of said Section 36; thence North 89°27'30" East along said South boundary for 366.17 feet to the point of beginning.

WHEREAS, Laramie currently has a compressor station, processing facilities, various pipelines and an existing well pad known as the Dolley 36-3 well located upon the property which covers an area approximately 3 to 3.5 acres. Laramie intends to remove the compressor station and processing facilities after Laramie has completed construction and installation of compressor's and all related processing facilities at a new site. Laramie shall have the continuing right to use the area to drill multiple wells from the existing surface location.

AGREEMENT

NOW THEREFORE, for and in consideration of the covenants and agreement herein contained, and other good and valuable consideration, the parties hereto agree as follows:


1. Laramie will use the existing disturbed area and the well pad will cover an area approximately 260 feet by 450 feet. Any disturbed area not needed for the well pad will be reclaimed.
2. Laramie shall have the right to lay pipelines upon the property as necessary.

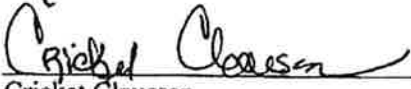
3. Laramie shall at all times keep its drilling sites, wellsites and rights-of-ways safe and in good order and free of trash and noxious weeds. Laramie agrees, at Owner's request; to spray and/or cut weeds on the drill site or right-of-way and the lands located within twenty-five feet (25') thereof to prevent the infestation of noxious weeds.
4. Laramie shall deposit all topsoil removed from the surface location apart from any other excavation deposits. Within one (1) year after all drilling and completions operations are completed, Laramie will redeposit the topsoil in an even manner and reseed the surface location with a seed mix approved by the Owner. The surface location shall be restored to the original contour as near as is practicable. Laramie agrees to maintain and upgrade, as needed all access roads to standards necessary to conduct Laramie's operations without undue damage to the access roads.
5. Laramie agrees that its operations will not interfere with the flow of water through any irrigation ditches presently located on Owner's property. Any interference to the flow of water or damage to any ditches caused by Laramie's operations will be promptly repaired by Laramie.
6. Laramie will consult with Owner in the placement of production equipment as long as the placement does not interfere with the efficient operations of said wells and/or interfere with safety requirements.
7. It is specifically understood that Laramie's employees and Laramie's agents, co-owners, contractors and sub-contractors shall not be allowed to possess or use drugs, alcohol or firearms on the lands covered by this Agreement. Without Owner's express approval no hunting, camping (recreational), or fishing will be allowed on the lands or adjoining lands owned by Owner.
8. In the conduct of any operations on the lands pursuant to this Agreement by or at the direction of Laramie, Laramie agrees to comply with all applicable federal, state, or local statutes, laws, ordinances, codes, rules and regulations.
9. Without limiting Owner's rights or Laramie's obligations herein, Laramie agrees to defend, indemnify and hold Owner harmless against any and all loss, damage, claims or liabilities arising from or in any manner connected with Laramie's operations or the operations of Laramie's agents, contractors or subcontractors hereunder.
10. The terms and conditions of this Agreement shall constitute covenants running with the land, and shall be binding upon and inure to the benefit of the parties hereto and to their respective heirs, representatives, successors and assigns.

11. Execution of this Agreement hereby specially waives the 30 day notice requirement contained in Rule 305 and satisfies the consultation requirement contained in Rule 306, of the Rules and Regulations of the Colorado Oil and Gas Conservation Commission with respect to any and all wells drilled from these surface locations.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of July 18, 2006.

OWNER

By: 
Cory Claussen

By: 
Cricket Claussen

LARAMIE ENERGY LLC

By: 
Kenneth G. Leis, Attorney-in-Fact

STATE OF COLORADO)
)
 COUNTY OF MESA)

The foregoing instrument was acknowledged before me on this ____ day of July 2006 by Cory Claussen and Cricket Claussen personally known to me who acknowledged before me that they executed the foregoing instrument for the uses and purposes set forth herein.

WITNESS my hand and seal.

My Commission Expires:
June 21, 2009

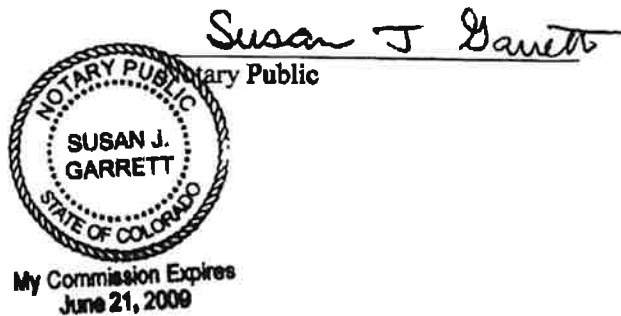


STATE OF COLORADO)
)
 COUNTY OF MESA)

The foregoing instrument was acknowledged before me on this ____ day of July 2006 by Kenneth G. Leis, Attorney-in-Fact for Laramie Energy LLC, a Delaware limited liability company on behalf of said company.

WITNESS my hand and seal.

My Commission Expires:
June 21, 2009



RECEPTION #: 2689310, BK 5598 PG 320 05/09/2014 at 01:22:45 PM, 1 OF 2, R
\$15.00 S \$1.00 D \$38.70 Sheila Reiner, Mesa County, CO CLERK AND RECORDER



Warranty Deed
(Pursuant to 38-30-113 C.R.S.)

State Documentary Fee
Date: May 08, 2014
\$ 38.70

THIS DEED, made on May 08, 2014 by CRICKET CLAUSSEN AND CORY CLAUSSEN Grantor(s), of the County of MESA and State of COLORADO for the consideration of (\$387,000.00) *** Three Hundred Eighty Seven Thousand and 00/100 *** dollars in hand paid, hereby sells and conveys to TIFFANI LYNN KENNON Grantee(s), whose street address is 15223 59 1/2 RD COLLEBRAN, CO 81624, County of MESA, and State of COLORADO, the following real property in the County of Mesa, and State of Colorado, to wit:

SEE ATTACHED "EXHIBIT A"

also known by street and number as: 15223 59 1/2 RD COLLEBRAN CO 81624

with all its appurtenances and warrants the title to the same, subject to general taxes for the year 2014 and those specific Exceptions described by reference to recorded documents as reflected in the Title Documents accepted by Grantee(s) in accordance with Record Title Matters (Section 8.2) of the Contract to Buy and Sell Real Estate relating to the above described real property; distribution utility easements, (including cable TV); those specifically described rights of third parties not shown by the public records of which Grantee(s) has actual knowledge and which were accepted by Grantee(s) in accordance with Off-Record Title Matters (Section 8.3) and Current Survey Review (Section 9) of the Contract to Buy and Sell Real Estate relating to the above described real property; inclusions of the Property within any special tax district; and other NONE

CRICKET CLAUSSEN

CORY CLAUSSEN

State of COLORADO)

) ss.

County of MESA)

The foregoing instrument was acknowledged before me on this day of May 08, 2014
by CRICKET CLAUSSEN AND CORY CLAUSSEN

Notary Public:

My commission expires _____

BETH COSTELLO
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID #19084013034
My Commission Expires May 11, 2018
County of Mesa

When Recorded Return to: TIFFANI LYNN KENNON
15223 59 1/2 RD COLLEBRAN, CO 81624

Form 13084 01/2011 wd.odt

Warranty Deed (Photographic)

GJRE5624060

(19080018)



RECEPTION #: 2689310, BK 5598 PG 320 05/09/2014 at 01:22:45 PM, 2 OF 2, R
\$15.00 S \$1.00 D \$38.70 Sheila Reiner, Mesa County, CO CLERK AND RECORDER

EXHIBIT A

BEGINNING AT A POINT ON THE SOUTH BOUNDARY OF SECTION 36, TOWNSHIP 9 SOUTH, RANGE 95 WEST OF THE 6TH PRINCIPAL MERIDIAN FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 36 BEARS NORTH 89°27'30" EAST FOR 1417.47 FEET, THENCE NORTH 48°01'19" EAST FOR 1654.72 FEET TO A POINT (CENTERLINE OF GROVE CREEK ROAD) ON A CURVE TO THE LEFT FROM WHENCE THE RADIUS POINT THEREOF BEARS SOUTH 60°21'40" WEST FOR 1039.81 FEET, THENCE ALONG THE ARC OF SAID CURVE FOR 590.92 FEET TO THE POINT OF TANGENCY, THENCE NORTH 62°12' WEST FOR 427.36 FEET TO A POINT IN CENTERLINE OF GROVE CREEK ROAD, THENCE SOUTH 46°36'26" WEST ALONG FENCE FOR 1389.86 FEET TO THE CENTERLINE OF GROVE CREEK, THENCE SOUTHEASTERLY ALONG GROVE CREEK TO A POINT WHERE IT INTERSECTS THE SOUTH BOUNDARY OF SAID SECTION 36, THENCE NORTH 89°27'30" EAST ALONG SAID SOUTH BOUNDARY FOR 366.17 FEET TO THE POINT OF BEGINNING, MESA COUNTY, COLORADO.

Form 13084 01/2011 w/dok Warranty Deed (Photographic) GJRA5024680 {18930013}