

Authorization ID: PAW163
Contact ID: 870786010602
Expiration Date: 09/30/2022
Use Code: 411

FS-2700-25 (REV-02/17)
OMB NO. 0596-0082

**U.S. DEPARTMENT OF AGRICULTURE
FOREST SERVICE**

**TEMPORARY SPECIAL - USE PERMIT
AUTHORITY: ORGANIC ADMINISTRATION ACT June 4, 1897**

VERDAD RESOURCES LLC, hereinafter called the Holder, is hereby authorized to use, subject to the terms and conditions of this permit, National Forest System land identified within the **PAWNEE NATIONAL GRASSLAND** and described as

T. 8 N., R. 59 W., 6th P.M.,
sec. 7, Lots 2-4;
sec. 18, Lot 1;
T. 8 N., R. 60 W., 6th P.M.,
sec. 12, E1/2E1/2;
sec. 13, NE1/4NE1/4;

as shown on the attached **Exhibit A**. This authorization covers approximately **2 acres**.

The Holder is authorized to conduct the following activities and/ or install the following temporary improvements on the permitted area:

Access and temporary use and occupancy of a Work Area about 300 feet by 300 feet at Colorado National Bank #1, a plugged and abandoned oil and gas well location (API# 05-123-05582), for the purposes of well bore entry, evaluation, and plugging for remediation required by State oil and gas regulations. Access route to the Work Area is shown on Exhibit A - Map.

TERMS AND CONDITIONS

1. Use under this permit shall begin on **N/A** and end on **09/30/2022 at 11:59 p.m. local time**. The permit shall not be extended.
2. The fee for this use is **N/A**. It shall be paid in advance and is not refundable.
3. The Holder shall conduct the authorized activities according to the attached approved plans and specifications, **Exhibit(s) A & B**.
4. The Holder shall not install any improvements not specifically identified and approved above.
5. No soil, trees, or other vegetation may be destroyed or removed from National Forest System lands without specific prior written permission from the authorized officer.

6. The Holder shall comply with all Federal, State, county, and municipal laws, ordinances, and regulations which are applicable to the area or operations covered by this permit.
7. The Holder shall maintain the improvements and premises to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the authorized officer. The holder shall fully repair and bear the expense for all damage, other than ordinary wear and tear, to National Forest System lands, roads and trails caused by the holder's activities.
8. The Holder has the responsibility of inspecting the use area and adjoining areas for dangerous trees, hanging limbs, and other evidence of hazardous conditions which would pose a risk of injury to individuals. After securing permission from the authorized officer, the holder shall remove such hazards.
9. The Holder shall be liable for any damage suffered by the United States resulting from or related to use of this permit, including damages to National Forest resources and costs of fire suppression.
10. The Holder shall hold harmless the United States from any liability from damage to life or property arising from the holder's occupancy or use of National Forest lands under this permit.
11. The Holder agrees to permit the free and unrestricted access to and upon the premises at all times for all lawful and proper purposes not inconsistent with the intent of the permit or with the reasonable exercise and enjoyment by the Holder of the privileges thereof.
12. This permit is subject to all valid existing rights and claims outstanding in third parties.
13. This permit may be revoked upon breach of any of the conditions herein or at the discretion of the authorized officer. Upon expiration or revocation of this permit, the Holder shall immediately remove all improvements except those owned by the United States and shall restore the site within **60 day(s)**, unless otherwise agreed upon in writing. If the Holder fails to remove the improvements, they shall become the property of the United States, but that will not relieve the Holder of liability for the cost of their removal and restoration of the site.
14. This permit is a license for the use of federally owned land. It does not grant any interest in real property. This permit is not transferable. The Holder shall not enter into any agreements with third parties for occupancy of the authorized premises and improvements.
15. Appeal of any provisions of this permit or any requirements thereof shall be subject to the appeal regulations at 36 CFR 214, or revisions thereof.
16. This permit is accepted subject to the conditions set forth herein, condition(s) 1 through 17, and Exhibit(s) A & B attached to and made a part of this permit.
17. The above clauses shall control if they conflict with additional clauses or provisions.

I have read and understand the terms and conditions and agree to abide by them.

HOLDER

**U. S. DEPARTMENT OF AGRICULTURE
Forest Service**

By: _____

By: _____

Name: Heather Mitchell
Title: Regulatory Manager

Name: Curtis V. Youngman
Title: District Ranger
(Authorized Officer)

Verdad Resources LLC
1125 17th Street, Suite 550
Denver, CO 80202

Office: 720-845-6917
Cell: 303-725-2694
Email: hmitchell@verdadresources.com

Date: _____

Date: _____

Burden and Non-Discrimination Statement

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The Privacy Act of 1974 (5 U.S.C. 552a) and the Freedom of Information Act (5 U.S.C. 552) govern the confidentiality to be provided for information received by the Forest Service.

Exhibit A – Map

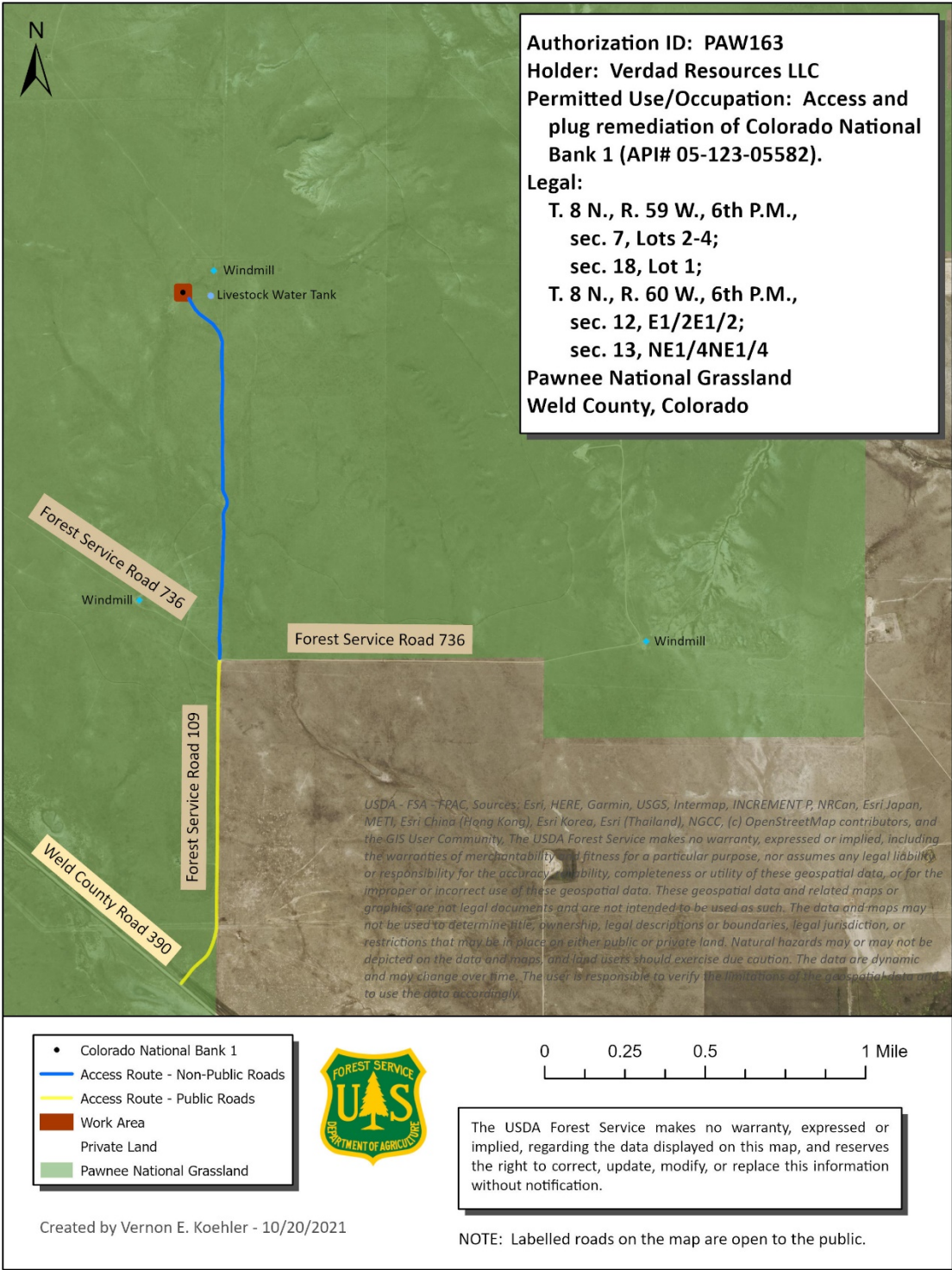


Exhibit B – Supplemental Terms and Conditions

1. Where contact with the Forest Service is described herein, the Holder shall contact the Pawnee National Grassland Minerals & Lands Staff Officer at 719-252-4778 or vernon.koehler@usda.gov.
2. All vehicles and equipment used for permitted activities shall be power washed before entering National Forest System lands to reduce the chance of introducing weed seeds or other propagules. Such vehicles and equipment shall not be washed or cleaned on National Forest System lands. The Forest Service may inspect such vehicles and equipment before they enter onto National Forest System lands.
3. The Holder must receive advance, written approval from the Forest Service before disposing of or removing from National Forest System lands any soil, rock, etc. left-over or unused after permit activities are completed.
4. The Holder shall ensure that appropriate precautions are taken to avoid accidentally starting a wildfire. Such precautions may include, among others, not parking any vehicle where dried or cured vegetation could touch any portion of the vehicle's exhaust system, completely extinguishing all smoking materials, etc. The costs of fire suppression and/or damages may be charged to the entity responsible for causing a wildfire. If a fire is started, call 9-1-1, and then notify Fort Collins Interagency Fire Dispatch (970-295-6800) immediately thereafter.
5. The Holder shall notify the Forest Service in the event of a wildfire within 24 hours.
6. No off-road travel or travel on roads that are not open to the public is allowed except where needed to access the Work Area via the designated access route shown on Exhibit A. The designated access route shall be clearly marked and shall provide one route in and the same route out of the Work Area.
7. Except for access to the Work Area, all permit activities shall be limited to the Work Area, which is approximately 300 feet by 300 feet and centered on the well bore.
8. The Holder shall clearly mark the perimeter of the Work Area.
9. If livestock are present, a temporary fence shall be utilized around the Work Area to exclude livestock. In that case, the Holder shall contact the Forest Service to discuss an acceptable fence design. Such fencing shall be removed within 14 days after plugging activities at the well location are completed, unless directed to do otherwise by the Authorized Officer.
10. While avoidance and limited flight responses are expected, no wildlife or livestock shall be unduly disturbed or harassed by any permitted activities.
11. The Holder shall notify the Forest Service within 24 hours of any leak, spill, or other release. This notification does not relieve the Holder of any reporting requirements to other agencies.
12. All equipment, supplies, etc. shall be removed from National Forest System lands within 30 days of plugging the well.
13. Any trash shall be removed from National Forest System lands daily unless it can be stored in a suitable covered container that won't allow trash to blow away on the wind and that keeps the trash from getting wet from precipitation.

Exhibit B – Supplemental Terms and Conditions (continued)

14. If portable generators (powered by an internal combustion engine) are used, they shall have spark arresters.
15. The Forest Service will notify the Holder if seeding and mulching for reclamation shall be required.
16. No permit activities shall take place from March 1 through July 15 to protect breeding and nesting migratory birds.
17. If needed, the Forest Service may only approve reclamation when the established vegetation meets Forest Service requirements for species composition; absence of noxious and invasive plants; and provides 80% of the cover present as compared to similar, adjacent, undisturbed areas.
18. If the Holder elects to construct fences to protect reclaimed areas (that is, keep livestock away from the reclaimed areas) until the Forest Service approves the reclamation, the Forest Service shall provide fencing construction & design specifications to the Holder. Fences shall remain in place until the reclamation is approved by the Forest Service. Any such fences shall be removed within 30 days of the Forest Service approval of the final reclamation.
19. If needed, planting seed for reclamation shall be completed after October 15 and before May 1, at a time when the ground is not frozen.
20. Any fill material, seed mixes, and mulch shall be certified weed-free. Any such material, seed mixes, or mulch must be approved in advance by the Forest Service.
21. The Holder shall notify the Forest Service within 2 business days after all plugging activities at the each well bore have been completed. This is intended to keep the Forest Service updated on progress.
22. On the non-public roads portion of the access route shown on Exhibit A – Map, moving heavy equipment and large vehicles (anything with a Gross Vehicle Weight Rating or total weight greater than that of a typical 1-ton pickup) to and from the Work Area shall be limited to times when the ground is dry. Access to and from the Work Area on a daily basis with a pickup 1-ton size or smaller or through use of an Off-Highway Vehicle is acceptable. However, when the ground is wet, all use of the non-public roads portion of the access route shall be limited to the greatest extent possible to minimize soil compaction and to allow for faster vegetation recovery (reclamation).
23. The amount of exposed or disturbed soil at any one time will be limited to the minimum necessary to complete permit activities.
24. If any cultural resources, historic properties, or artifacts are discovered during permitted activities, the Holder shall notify the Forest Service immediately. All permit work shall stop at the time of discovery. The Forest Service will notify the Holder when work can resume after the resources are evaluated through consultation with the Colorado State Historic Preservation Office.
25. If any paleontological (fossil) resources are discovered during permitted activities, the Holder shall notify the Forest Service immediately. All work shall stop at the time of discovery. The

Forest Service will notify the Holder when work can resume after the fossil resources are evaluated.