

ASSIGNMENT OF OIL AND GAS LEASES

STATE OF COLORADO

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COUNTY OF WELD

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This ASSIGNMENT OF OIL AND GAS LEASES (this "Assignment"), dated effective as of February 1, 2019, at 12:01 a.m. Mountain Standard Time (the "Effective Time"), is from **Murray J. Herring, Rodney K. Herring and TOP Operating Co.**, a Colorado corporation (collectively, "Assignor"), whose mailing address is 3609 S. Wadsworth Blvd., Suite 340, Lakewood, Colorado 80235, to **Petro Operating Company, LLC** ("Assignee"), whose mailing address is 9033 East Easter Place, Centennial, CO 80112-2105. Assignor and Assignee are sometimes collectively referred to as the "Parties" and each referred to individually as a "Party."

This Assignment is made pursuant to the terms of that certain Acquisition and Development Agreement between Assignor and Assignee dated March 25, 2019 (the "Agreement"). All terms used in this Assignment that are defined in the Agreement shall have the meanings given them in the Agreement.

For and in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby ASSIGN, TRANSFER, SELL and CONVEY unto Assignee, its successors all of Assignor's undivided right, title and interest in and to the following (collectively, the "Properties"):

- (a) The oil and gas leases described on Exhibit "A" attached hereto, together with all amendments, supplements, renewals, extensions and ratifications thereof (collectively, "Leases") covering all or any portion of the lands described on Exhibit "A" ("Lands"), including without limitation all leasehold estates, carried interests, regulatory pooled interests, farmout rights and similar interests in the Leases and Lands, whether or not Assignor's interest in the Leases and Lands is correctly or sufficiently described on Exhibit "A", limited as to those rights from the surface of the earth to the base of the Codell Formation; except the Excluded Properties as specifically reserved to Assignor below; and, together with the fee mineral interests described on Exhibit "A-1" attached hereto ("Mineral Interests") as to which Assignor shall lease to Assignee in the New Lease, provided below;
- (b) All crude oil, natural gas, casinghead gas, condensate, sulfur, natural gas liquids, products and other liquid or gaseous hydrocarbons, and other minerals of every kind and character which may be produced from or allocable to the Leases and Lands (collectively, "Hydrocarbons") after the Effective Date, together with all proceeds from or of such Hydrocarbons, except Excluded Properties as specifically reserved to Assignor below;
- (c) All right, title and interest in and to easements, rights-of-way, surface leases, surface use agreements, licenses, permits, servitudes, approvals, consents, certificates and other similar interests applicable to or used in operating or developing the Leases or the Lands (collectively, "Permits"), including, without limitation, the documents that are

described on Exhibit "D" attached hereto, except Excluded Properties as is specifically reserved to Assignor below;

(d) All right, title and interest of Assignor relating to the Leases or Lands, or any other right or property described in (a) through (c) above, not specifically reserved to Assignor as Excluded Properties below;

(e) All valid and existing agreements, contracts and contractual rights and interests of every kind and nature relating to the Leases or Lands, or any other right or property described in Sections 1.1(a) through (d) above, including all unit agreements, farmout agreements, farmin agreements, salt water handling agreements, operating agreements, and Hydrocarbon sales, purchase, gathering, transportation, treating, marketing, exchange, and processing agreements, including, without limitation, the contracts and agreements that are described on Exhibit "E" attached hereto (collectively, the "Contracts"), except to the extent specifically reserved to Assignor as Excluded Properties below; and

(f) Copies of Assignor's files and records relating to the Properties described in Sections 1.1(a) through (e) above, including, without limitation: (i) lease, division order, contract, and land files, abstracts and title opinions; (ii) operations, maintenance, production, environmental and engineering records; (iii) logs, facility and well records; and (iv) accounting files, well payout files, and lease operating statements (collectively, the "Records"); provided, however, that the Records shall not include the general corporate files and records of Assignor, any files and records which are subject to confidentiality obligations owed to third parties (provided that Assignor will, at Assignee's request, at no cost or expense to Assignor, request waivers of such confidentiality restrictions), or files and records, other than title opinions, that are subject to attorney-client privilege, except as specifically reserved to Assignor as Excluded Properties below.

Notwithstanding the foregoing, the term "Properties" as used in this Agreement shall not include, and is hereby excepted, reserved and excluded from the Properties to be conveyed to Assignee at Closing, the following (collectively, the "Excluded Properties"):

(i) Any mineral ownership interest (other than the Mineral Interests), royalty interest, overriding royalty interest owned by Assignor in the Leases as evidenced by record title as of the date of this Agreement, and any overriding royalty interest in the Leases to be retained by Assignor under the terms of this Agreement;

(ii) That part, and only that part, of Assignor's right, title and interest in and to Leases associated with and attributable to the wellbores described on Exhibit "B" attached hereto ("Retained Wellbores"), as necessary for Assignor to operate, produce and plug and abandon the Retained Wellbores. Except as provided below, Assignor, at its sole cost and expense, shall, or shall cause the Retained Wellbores to be properly plugged, abandoned and reclaimed, in accordance with requirements of the Colorado Oil and Gas Conservation Commission ("COGCC") prior to the date on which Assignee commences the drilling, or causes the drilling to commence, of the first horizontal well under the terms of Article III. Assignee, at its sole cost and expense, shall, or shall cause the Di-Ta

1A, Counter 1AD and Di-Ta 2 wells to be properly plugged, abandoned and reclaimed, in accordance with requirements of the COGCC;

(iii) All right, title and interest in and to easements, rights-of-way, surface leases, surface use agreements, licenses, permits, and other similar interests applicable to or used in operating or developing the Leases or the Lands (collectively, "Retained Permits"), including, without limitation, the documents that are described on Exhibit "G" attached hereto, insofar, and only insofar, as such Retained Permits are required for Assignor to continue to operate, Rework and produce the Retained Wellbores, provided that in exercising the rights in the Retained Permits and conducting operations on a Retained Wellbore, Assignor shall not unreasonably interfere at any time with operations that may be conducted by, on behalf of, or with the approval of the Assignee;

(iv) All valid and existing agreements, contracts and contractual rights and interests of every kind and nature insofar, and only insofar, as same are attributable to the interest retained by Assignor in and to the Properties, Leases or any other right or property described in (i) through (iii) above (collectively, "Retained Contracts"), including all unit agreements, farmout agreements, farmin agreements, salt water handling agreements, operating agreements, and Hydrocarbon sales, purchase, gathering, transportation, treating, marketing, exchange, and processing agreements, including, without limitation, the contracts and agreements that are described on Exhibit "H" attached hereto;

(v) Assignor's files and records insofar, and only insofar, as same are attributable to the interest retained by Assignor in and to the Properties, Leases, or any other right or property described in (i) through (iv) above, including, without limitation: (a) lease, division order, contract, and land files, abstracts and title opinions; (b) operations, maintenance, production, environmental and engineering records; (c) logs, facility and well records; and (d) accounting files, well payout files and lease operating statements (collectively, the "Records"); and

(vi) Subject to the Agreement, any and all rights in and to the Leases and Mineral Interests as to depths lying below the base of the Codell Formation, as defined by the applicable orders of the COGCC.

TO HAVE AND TO HOLD all and singular such Property together with all rights, titles, interests, estates, remedies, powers, and privileges thereunto appertaining unto Assignee and its successors subject to the following:

1. Special Warranty; Disclaimers. **ASSIGNOR WILL WARRANT AND DEFEND TITLE TO THE PROPERTY AGAINST ALL PERSONS CLAIMING BY, THROUGH OR UNDER ASSIGNOR, BUT NOT OTHERWISE.**

2. Reservations. Assignor excepts and reserves to itself, the following:

(i) Assignor's Overriding Royalty. Subject to the terms and conditions of this Agreement, the Assignment shall include a reservation in favor of Assignor of an overriding royalty interest ("ORRI") burdening the Leases in an amount equal to the difference, if any, between twenty percent (20%) and the total of all existing lease burdens, including, but not limited to royalties, overriding royalties

(including any overriding royalties held by Assignor on the Effective Date), production payments and other similar burdens on the effective date of the Assignment. If Assignor's interest in the leasehold estate created by any Lease is less than the entire leasehold estate in any tract of land covered by said Lease, then the ORRI shall be reduced in the proportion that the interest of Assignor in that leasehold estate bears to the entire leasehold estate. If any Lease does not cover the entire and undivided oil and gas mineral fee estate in and under any tract of land that it purports to cover, then the ORRI shall be reduced in the proportion that the interest in the oil and gas mineral fee estate covered by said Lease bears to the entire and undivided oil and gas mineral fee estate therein. The ORRI shall be proportionately reduced to the extent that the lands covered by the Lease bears to the total lands included in any spacing unit created for the well, whether such spacing unit is created in accordance with the terms of the Lease or by regulatory or governmental authority.

(ii) Assignor's Carried Working Interest. This Assignment does not convey and Assignor reserves unto Assignor a proportionately reduced carried through the tanks working interest ("CWI") in and to any and all Wells drilled subsequent to the Effective Date on the Leases or on lands pooled therewith by Assignee, as Operator, or in which Assignee Elects to participate when any such well is proposed and drilled by a third party. The amount of the CWI shall be eighteen percent (18%) unless the price of WTI Crude Oil as published by the NYMEX on the day Assignee commences flowback operations, subsequent to hydraulic fracturing operations on the first (1st) Horizontal Well hereunder has declined 15% or more from the current price upon the execution date of this agreement or is \$47.25 or less, in which case the Assignor's CWI shall be sixteen percent (16%). The term, "through the tanks," as used in this Agreement, shall include all expenses incurred in the (a) drilling, (b) initial hydraulic fracturing and completion operations, whenever incurred, (c) installation of gas flow lines, pipelines, meters, electrical power, produced gas compressor(s), and associated equipment on the well and facilities pad, (d) purchasing and installing any equipment and facilities on the well and facilities pad as deemed necessary by the Operator to produce the well; all to the extent the costs in (a), (c) and (d) above are incurred prior to first sales from the Well and (e) conduct of seismic operations, interpretations, and analysis and/or specialized analysis of other scientific data relating to the properties that are subject to this Acquisition and Development Agreement. At such time as drilling, completing, hydraulic fracturing, gas line installation and equipping operations have been conducted and completed on any Well, with Assignee to bear one hundred percent (100%) of the costs incurred in such operations as to the working interest assigned by Assignor to Assignee and as to all non-consenting interests under an Operating Agreement that exists as of the Effective Date that is attributable to Assignor's interest in the Properties assumed by Assignee in such well, if not previously reserved by Assignor, Assignee shall assign to Assignor a proportionately reduced eighteen percent (18%) interest in and to the wellbore of the Well, insofar as Assignee's interest in the well is derived from the interest in the Leases assigned to Assignee under this Agreement and from the non-consenting interests assumed by Assignee in such well, together with a proportionate interest in the equipment installed for the production of the Well. The assigned interest to be proportionately reduced

based on the working interest in the Well owned by Assignee, or with which Assignee has participated in wells operated by third parties, that is attributable to the interest in the Leases assigned to Assignee under this Agreement and from the non-consenting interests assumed by Assignee in such well. Any such Assignment shall be made by Assignee free and clear of burdens created by or through Assignee. The effective date of any such Assignment to be the date of first production from the Well. Notwithstanding the date of the Assignment, Assignor shall be responsible for any share of the costs attributable to the Well incurred after the initial drilling, hydraulic fracturing, gas flow lines and pipeline installation, completion and equipping operations have been completed. The interest in the Test Well will be accepted by Assignor subject to the terms of a mutually agreeable Operating Agreement applicable to the Well at the time the interest is Assigned to Assignor. If there is not an Operating Agreement with a third party in place as of the effective date of this Assignment of the carried working interest, then, where Assignee is to be Operator of the well, the Parties agree to enter into a mutually agreeable Operating Agreement applicable to the Well at the time the interest is Assigned to Assignor.

3. Further Assurances. Assignor and Assignee shall execute, acknowledge and deliver all such further conveyances, notices, releases and such other instruments and shall take such further actions as may be necessary or appropriate to assure fully to Assignee and its successors and assigns all of the Property interests assigned hereby.

4. Binding Effect. This Assignment and its terms, covenants and conditions shall be binding upon and inure to the benefit of Assignor and Assignee, their respective successors and assigns.

5. Acquisition and Development Agreement. The Agreement contains certain representations, warranties, indemnities, assumptions and agreements between Assignor and Assignee, some of which survive the delivery of this Assignment, as provided for therein and shall not be merged into this Assignment or be otherwise negated by the execution or delivery of this Assignment. This Assignment shall not be construed to amend the Agreement or vary the rights or obligations of either Assignor or Assignee from those set forth in the Agreement. In the event of any conflict between this Assignment and the Agreement, the terms of the Agreement shall control.

6. Counterpart Execution. This Assignment may be executed by Assignor and Assignee in any number of counterparts, each of which shall be deemed an original instrument, but all of which shall collectively constitute one and the same instrument.

[Signature and Acknowledgment Pages Follow]

EXECUTED as of the date(s) set forth in the respective acknowledgments below, but effective for all purposes as of the Effective Time stated above.

Assignor:
TOP Operating Co.

By: 
Name: Rodney K. Herring
Title: President

Assignee:
Petro Operating Company, LLC

By: 
Name: Roger A. Parker
Title: Manager

Assignor:


Murray J. Herring

Assignor:


Rodney K. Herring



STATE OF COLORADO §
COUNTY OF Colorado ^{#0} Jefferson §

The foregoing instrument was acknowledged before me this 26 day of June, 2019, by Rodney K. Herring as owner of TOP Operating Co., on behalf of such company.

Witness my hand and official seal.

ADITA TRINIDAD GARCIA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174047021
MY COMMISSION EXPIRES 11/14/2021

My Commission expires: 11-14-21

[Signature]
Notary Public

STATE OF COLORADO §
COUNTY OF Jefferson §

The foregoing instrument was acknowledged before me this 26 day of June, 2019, by Murray J. Herring.

Witness my hand and official seal.

My Commission expires: 11-14-21

[Signature]
Notary Public

STATE OF COLORADO §
COUNTY OF Jefferson §

ADITA TRINIDAD GARCIA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174047021
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The foregoing instrument was acknowledged before me this 26 day of June, 2019, by Rodney K. Herring.

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My Commission expires: 11-14-21

[Signature]
Notary Public

ADITA TRINIDAD GARCIA
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 20174047021
MY COMMISSION EXPIRES 11/14/2021

[Signature]

STATE OF COLORADO

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CITY AND COUNTY OF DENVER

The foregoing instrument was acknowledged before me this 17 day of June, 2019, by Roger Parker as Manager of Petro Operating Company, LLC, on behalf of such company.

Witness my hand and official seal.

My Commission expires: 6/20/20

Julia Melanaphy

Notary Public

